

Annual Securities Report

(Pursuant to Article 24, paragraph (1) of the Financial Instruments and Exchange Act)

For the 46th term

**From April 1, 2020
to March 31, 2021**

MIMAKI ENGINEERING CO., LTD.

2182-3 Shigeno-Otsu, Tomi-shi, Nagano

(E02114)

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[Fiscal year]	The 46th term (from April 1, 2020 to March 31, 2021)
[Company name]	株式会社ミマキエンジニアリング (<i>Kabushiki-kaisha</i> MIMAKI ENGINEERING)
[Company name in English]	MIMAKI ENGINEERING CO., LTD.
[Title and name of representative]	Kazuaki Ikeda, President
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[Place for public inspection]	Tokyo Branch Office, MIMAKI ENGINEERING CO., LTD. (TKB Gotenyama Building, 5-9-41 Kita-shinagawa, Shinagawa-ku, Tokyo) Yokohama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-9 Shin-yokohama, Kohoku-ku, Yokohama, Kanagawa) Saitama Sales Office, MIMAKI ENGINEERING CO., LTD. (3-1-2, Miya-machi, Omiya-ku, Saitama) Tokyo Stock Exchange, Inc. (2-1 Nihonbashi-Kabutocho, Chuo-ku, Tokyo)

Part I Company Information

I. Overview of the Company

1. Summary of business results

(1) Business results of the Group

	42 nd term	43 rd term	44 th term	45 th term	46 th term
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales (Thousands of yen)	48,331,564	52,471,137	55,448,425	55,557,698	48,722,930
Ordinary profit (Thousands of yen)	1,746,023	2,359,542	2,643,164	946,636	366,381
Profit (loss) attributable to owners of parent (Thousands of yen)	1,250,361	1,833,832	1,680,226	(777,962)	(301,251)
Comprehensive income (Thousands of yen)	1,315,764	1,801,047	1,136,629	(1,829,806)	172,757
Net assets (Thousands of yen)	16,049,220	17,778,087	19,010,639	16,033,335	16,213,450
Total assets (Thousands of yen)	49,207,554	53,994,162	58,463,004	54,221,924	50,838,883
Net assets per share (Yen)	534.26	584.77	614.03	537.72	548.10
Basic earnings (loss) per share (Yen)	41.32	61.05	55.29	(26.24)	(10.21)
Diluted earnings per share (Yen)	—	—	—	—	—
Equity ratio (%)	32.6	32.5	32.2	29.2	31.8
Return on equity (ROE) (%)	7.9	10.9	9.2	(4.5)	(1.9)
Price earnings ratio (PER) (Times)	15.6	12.9	11.4	—	—
Net cash provided by (used in) operating activities (Thousands of yen)	2,163,194	3,002,514	1,068,436	823,299	6,634,156
Net cash provided by (used in) investing activities (Thousands of yen)	(3,248,671)	(1,493,560)	(2,219,070)	(368,149)	15,944
Net cash provided by (used in) financing activities (Thousands of yen)	32,660	38,107	194,097	(431,697)	(7,315,659)
Cash and cash equivalents at end of period (Thousands of yen)	10,010,484	11,486,169	11,351,960	10,988,848	10,683,560
Number of employees [Separately, average number of temporary employees] (Persons)	1,580 [188]	1,629 [223]	1,984 [205]	2,003 [162]	1,952 [76]

- (Notes)
- Consumption taxes are not included in net sales.
 - Diluted earnings per share for the 42nd term is not presented here due to an absence of potential shares. Diluted earnings per share for the 43rd and 44th terms are not presented here due to an absence of potential shares with dilutive effect. Diluted earnings per share for the 45th and 46th terms are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
 - Price-earnings ratio for the 45th and 46th terms are not presented here because loss attributable to owners of parent was recorded.
 - The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the 44th term, and the figures presented in the summary of business results for the 43rd term have been adjusted by retrospectively applying the aforementioned standard, etc.

(2) Business results of reporting company

Term	42nd term	43rd term	44th term	45th term	46th term
Fiscal year-end	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Net sales (Thousands of yen)	39,267,541	42,215,007	41,585,196	38,558,721	32,701,526
Ordinary profit (loss) (Thousands of yen)	1,075,196	2,424,556	1,734,948	40,566	(353,546)
Profit (loss) (Thousands of yen)	666,755	1,707,448	1,249,265	(42,914)	(860,675)
Share capital (Thousands of yen)	4,357,456	4,357,456	4,357,456	4,357,456	4,357,456
Total number of issued shares (Shares)	32,040,000	32,040,000	32,040,000	32,040,000	32,040,000
Net assets (Thousands of yen)	14,632,064	16,039,636	17,382,040	16,183,066	15,338,996
Total assets (Thousands of yen)	45,799,893	50,039,012	51,791,454	50,475,502	45,174,409
Net assets per share (Yen)	487.08	533.88	566.35	547.77	518.91
Dividends per share [Of the above, interim dividends per share] (Yen)	10.00 [5.00]	12.50 [5.00]	15.00 [7.50]	7.50 [7.50]	7.50 [-]
Basic earnings (loss) per share (Yen)	22.03	56.84	41.11	(1.45)	(29.18)
Diluted earnings per share (Yen)	-	-	-	-	-
Equity ratio (%)	31.9	32.1	33.5	32.0	33.9
Return on equity (ROE) (%)	4.5	11.1	7.5	(0.3)	(5.5)
Price earnings ratio (PER) (Times)	29.2	13.9	15.3	-	-
Payout ratio (%)	45.4	22.0	36.5	-	-
Number of employees [Separately, average number of temporary employees] (Persons)	783 [146]	800 [185]	809 [165]	821 [132]	790 [42]
Total shareholder return (%) [Benchmark index: Dividend-included TOPIX] (%)	97.9 [114.7]	121.8 [132.9]	100.2 [126.2]	68.7 [114.2]	102.0 [162.3]
Highest share price (Yen)	858	1,288	1,239	692	688
Lowest share price (Yen)	410	585	628	301	363

- (Notes)
1. Consumption taxes are not included in net sales.
 2. Diluted earnings per share for the 42nd term is not presented here due to an absence of potential shares. Diluted earnings per share for the 43rd and 44th terms are not presented here due to an absence of potential shares with dilutive effect. Diluted earnings per share for the 45th and 46th terms are not presented here due to an absence of potential shares with dilutive effect, and because a loss per share was recorded.
 3. Price-earnings ratio and payout ratio for the 45th and 46th terms are not presented here because loss was recorded.
 4. The highest and lowest share prices are quoted from the First Section of the Tokyo Stock Exchange.

2. History

Date	Major events
August 1975	MIMAKI ENGINEERING (currently MIMAKI ENGINEERING CO., LTD.) was founded as a private limited company with share capital of 1 million yen in Kitamimaki-mura, Kitasaku-gun (currently Tomi-shi), Nagano.
October 1976	Started assembling precision parts of crystal oscillators for watches.
March 1979	Opened Tokyo Sales Office in Taito-ku, Tokyo.
May 1981	Reorganized into a stock company, MIMAKI ENGINEERING CO., LTD.
May 1984	Relocated Tokyo Sales Office to Ebisu, Shibuya-ku, Tokyo and reorganized it into Tokyo Branch Office.
March 1986	Started operation of Kazawa Factory.
June 1986	Opened Osaka Sales Office in Suita-shi, Osaka.
September 1986	Opened Nagoya Sales Office in Naka-ku, Nagoya-shi, Aichi (currently in Tenpaku-ku).
June 1988	Relocated the head office after extension of Kazawa Factory.
April 1989	Withdrew from the parts business upon the foundation of Mimaki Electronic Components Co., Ltd. by Noriyuki Tanaka, Representative Director of MIMAKI ENGINEERING CO., LTD.
April 1990	
-	Opened sales offices in Fukuoka, Hiroshima, Sendai, Sapporo and Kanazawa.
October 1995	
January 1994	Relocated Tokyo Branch Office to Osaki, Shinagawa-ku, Tokyo and opened a showroom.
July 1995	Founded MIMAKI ENGINEERING (TAIWAN) Co., Ltd. in Shengang District, Taichung City, Taiwan (currently in Tanzi District).
January 1999	Received ISO 9001 certification/registration
September 1999	Founded MIMAKI USA, INC. in Duluth, Georgia, U.S.A. (currently in Suwanee).
January 2003	Opened a showroom in Osaka Branch Office.
October 2003	Opened the Nagano Development Center in Nagano-shi, Nagano.
April 2004	Founded MIMAKI PRECISION Co., Ltd. in Ueda-shi, Nagano (currently in Tomi-shi) to spin off the parts processing business.
	Founded MIMAKI EUROPE B.V. in Amsterdam, The Netherlands (currently in Diemen).
	Opened Saitama Sales Office in Urawa-ku, Saitama-shi, Saitama (currently in Omiya-ku).
September 2004	Acquired Bokuya Factory in Tomi-shi, Nagano.
April 2005	Opened Technical Call Center to support all domestic users at one place.
April 2006	Acquired 100% shares issued by GRAPHIC CREATION Co., Ltd.
August 2006	Transferred the head office function to Bokuya Factory.
March 2007	Listed on the JASDAQ Securities Exchange.
December 2007	Founded MIMAKI IJ TECHNOLOGY CO., Ltd. in Pinghu, Zhejiang, China.
July 2008	Acquired 100% equity interest of nbn Industrie GmbH (currently Mimaki Deutschland GmbH) as a subsidiary.
January 2009	Received ISO 14001 certification.
June 2009	Founded Shanghai Mimaki Trading Co., Ltd. in Shanghai, China.
July 2009	Founded MIMAKI BRASIL REPRESENTACOES LTDA (currently MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA) in Sao Paulo, Sao Paulo, Brazil.
August 2010	Founded MIMAKI PINGHU TRADING CO., LTD. in Pinghu, Zhejiang, China.
November 2011	Founded PT. MIMAKI INDONESIA in Jakarta, Indonesia.
April 2013	Founded MIMAKI AUSTRALIA PTY LTD in New South Wales, Australia.
	Founded MIMAKI SINGAPORE PTE. LTD. in Singapore.
	Opened Kyoto Sales Office in Minami-ku, Kyoto-shi, Kyoto.
June 2013	Opened Kobe Sales Office in Chuo-ku, Kobe-shi, Hyogo.
July 2013	Founded MIMAKI INDIA PRIVATE LIMITED in New Delhi, India.
September 2013	Opened Shikoku Sales Office in Takamatsu-shi, Kagawa.
October 2014	Opened Yokohama Sales Office in Yokohama-shi, Kanagawa.
March 2015	Moved stock listing to the First Section of the Tokyo Stock Exchange.
May 2015	Opened Hachioji Development Center in Hachioji-shi, Tokyo.
July 2015	Opened Shigeno Showroom in Tomi-shi, Nagano.
April 2016	Founded MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI in Istanbul, Turkey.
July 2016	Opened JP Demonstration Center in Shinagawa-ku, Tokyo and the TA Lab Center at the head office in Tomi-shi, Nagano.

Date	Major events
August 2016	Opened the IP Lab Center at the head office in Tomi-shi, Nagano.
October 2016	Acquired 100% shares of La Meccanica Costruzione Tessili-S.P.A (currently Mimaki La Meccanica S.p.A) as a subsidiary.
February 2017	Founded Mimaki Lithuania, UAB in Vilnius, Lithuania.
June 2017	Founded Mimaki Bompan Textile S.r.l in Tradate, Italy.
October 2017	Opened Kitakantou Sales Office in Utsunomiya-shi, Tochigi.
October 2018	Acquired ALPHA DESIGN CO., LTD. as a subsidiary by share exchange.
November 2018	Acquired LUCK'A Inc. as a subsidiary by share exchange.
December 2018	Founded MIMAKI (THAILAND) CO., LTD. in Bangkok, Thailand.
March 2019	Opened Nishi-Tokyo Sales Office in Hachioji-shi, Tokyo.

3. Business description

The MIMAKI Group (the “Group”) consists of MIMAKI ENGINEERING CO., LTD. (the “Company”), its 23 consolidated subsidiaries (MIMAKI USA, INC., MIMAKI EUROPE B.V., MIMAKI ENGINEERING (TAIWAN) Co., Ltd., MIMAKI PRECISION Co., Ltd., GRAPHIC CREATION Co., Ltd., MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI AUSTRALIA PTY LTD, MIMAKI SINGAPORE PTE. LTD., MIMAKI INDIA PRIVATE LIMITED, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, ALPHA DESIGN CO., LTD., ALPHA SYSTEMS CO., LTD., Tonami Corporation Ltd., LUCK'A Inc., MIMAKI (THAILAND) CO., LTD.) and three other companies (MIMAKI KANPHOR INDIA PRIVATE LIMITED, etc.), totaling 27 companies. The Group’s reportable segments are categorized by geographic region given that it engages in development, manufacturing and sales of products such as industrial inkjet printers and cutting plotters primarily as a business operation.

Also, the following describes the Group’s business operations classified by markets to which end users of our products belong.

(1) SG (Sign Graphics) market

For the Sign Graphics market, we develop, manufacture, and sell products used to produce visual communications, such as advertisements and signboards. Given the high level of digitalization required in this market due to aspects such as environmental considerations, increased diversity of materials and for adding high value, we provide environmentally-friendly ink, inkjet printers that can be used for various purposes, and cutting plotters that can accurately cut the contours of alphanumeric characters, logos, illustrations and other shapes.

(2) IP (Industrial Products) market

For the Industrial Products market, we develop, manufacture, and sell industrial products, as well as products used on-site in facilities that produce merchandise, gifts, novelties, order-made goods and other products for general consumers. We provide products that contribute to improving user convenience and cost cutting, irrespective of industry, including flatbed UV-curable inkjet printers able to print on a range of materials, as well as cutting plotters and other devices.

(3) TA (Textile & Apparel) market

For the Textile & Apparel market, we develop, manufacture, and sell products that are capable of printing to textiles before the cutting and sewing process and fabric for ready-to-wear apparel and the like. With anticipation for progress in digital transformation that includes conversion of the value chain, we propose highly productive production systems and environmental considerations for inkjet printers in particular for the place of consumption, the place of production and brand owners.

(4) FA (Factory Automation) business

This is the general name for the Alpha Design Group’s businesses, which includes the FA equipment (custom equipment), PCB mounting equipment (irregular component mounting equipment, desiccant application equipment), semiconductor production equipment, PCB inspection equipment, and metal processing businesses.

(5) Others

This area of business includes manufacture and sales of machines outside the scope of the aforementioned market categories, and also includes printing services.

[Outline of Classification by Markets]

[Products for SG market]

Refers to products for the Sign Graphics market involving advertisements, signboards, etc.

Major products

Inkjet Printers	
• JV100-160	• UJV 100-160
• JV300plus Series	• UJV55-320
• SIJ-320UV	• JV150 Series
• JV400SUV Series	• JV400LX Series
• UCJV300 Series	• UJV500-160
• CJV300plus Series	• UCJV150-160
• CJV150 Series	
Cutting Plotters	
• CG-FX II plus Series	• CG-FX II Series
• CG-SR III Series	
Software	
• Raster Link 6Plus	• Fine Cut 9
• Raster Link Pro5 SG	• Simple POP
Ink	
• UV-curable inks	
• Eco-solvent inks	
• Solvent UV inks	
• Water-based latex inks	
• Water-based sublimation inks	

[Products for IP market]

Refers to products for the Industrial Products market, used at sites where industrial products are manufactured, etc.

Major products

Flatbed Inkjet Printers	
• UJF-6042MkII	• UJF-3042MkII
• UJF-7151plus	• JFX200-2513EX
• JFX200-2531	• JFX500-2131
• UJF-6042	• UJF-3042HG
• UJF-3042FX	
3D Printers	
• 3DUJ-553	• 3DGD-1800
• 3DF-222	
Cutting Plotters	
• CF22-1225	• CFL-605RT
• CF2 Series	• CF3 Series
Software	
• Raster Link 6Plus	• Fine Cut 9
• Raster Link Pro5 IP	• Ittobori
Ink	
• Hard UV-curable inks	
• Flexible UV-curable inks	

[Products for TA market]

Refers to products for the Textile & Apparel market that are capable of printing to cloth materials

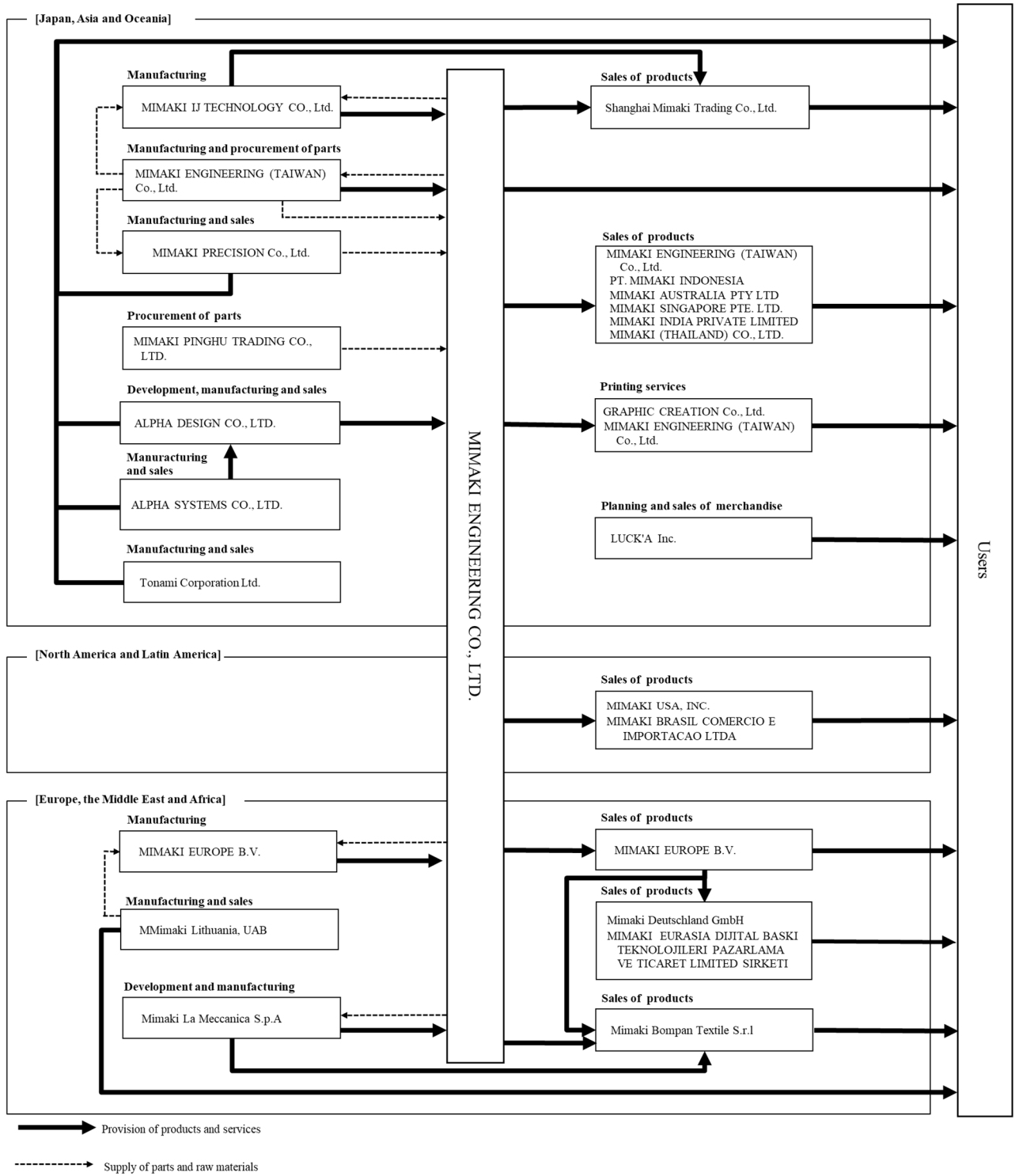
Major products

Inkjet Printers	
• TS100-1600	• Tx300P-1800MkII
• TS55-1800	• Tx300P-1800B
• Tx500P-3200DS	• TS30-1300
• TS500P-3200	• Tx300P-1800
• TS300P-1800	• TS500-1800
• Tx500-1800B	• Tx500-1800DS
• Tiger-1800BMkII	
Cutting Plotters	
• APC-130	
Software	
• Raster Link 6Plus	• Tx Link 3
• Raster Link Pro5 TA	• Tx Link 4
Ink	
• Reactive dye inks	
• Acid dye inks	
• Water-based sublimation inks	
• Textile pigment inks	

[Outline of Company Classification by Segment]

Segment name	Company name	
Japan, Asia and Oceania	Sales companies	MIMAKI ENGINEERING CO., LTD. Shanghai Mimaki Trading Co., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd. PT. MIMAKI INDONESIA MIMAKI AUSTRALIA PTY LTD MIMAKI SINGAPORE PTE. LTD. MIMAKI INDIA PRIVATE LIMITED MIMAKI (THAILAND) CO., LTD. ALPHA DESIGN CO., LTD. ALPHA SYSTEMS CO., LTD. Tonami Corporation Ltd.
	Manufacturing companies	MIMAKI ENGINEERING CO., LTD. MIMAKI PRECISION Co., Ltd. MIMAKI IJ TECHNOLOGY CO., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd. ALPHA DESIGN CO., LTD. ALPHA SYSTEMS CO., LTD. Tonami Corporation Ltd.
	Printing service companies	GRAPHIC CREATION Co., Ltd. MIMAKI ENGINEERING (TAIWAN) Co., Ltd.
	Planning and sales of merchandise companies	LUCK 'A Inc.
North America and Latin America	Sales companies	MIMAKI USA, INC. MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA
Europe, the Middle East and Africa	Sales companies	MIMAKI EUROPE B.V. Mimaki Deutschland GmbH MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI Mimaki Lithuania, UAB Mimaki Bompan Textile S.r.l
	Manufacturing companies	MIMAKI EUROPE B.V. Mimaki La Meccanica S.p.A Mimaki Lithuania, UAB

[Overview of the Group Business]



(Note) Except the Company, all companies shown are consolidated subsidiaries.

4. Subsidiaries and associates

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
(Consolidated subsidiary) MIMAKI USA, INC. (Notes 2 and 5)	Suwanee, Georgia, U.S.A.	500 thousand USD	North America and Latin America	100	Primarily engaged in sales of the Group products in North America and Latin America region. Interlocking directorates involved.
MIMAKI EUROPE B.V. (Notes 2 and 4)	Diemen, The Netherlands	500 thousand EUR	Europe, the Middle East and Africa	100	Primarily engaged in manufacturing and sales of the Group products in Europe, the Middle East and Africa regions. Interlocking directorates involved.
Mimaki Deutschland GmbH	Munich, Bavaria, Germany	1,000 thousand EUR	Europe, the Middle East and Africa	100	Primarily engaged in sales of the Group products in Germany, Switzerland and Austria. Interlocking directorates involved.
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.	Tanzi District, Taichung City, Taiwan	50,000 thousand TWD	Japan, Asia and Oceania	100	Primarily engaged in procurement of parts, manufacturing and sales of the Group products, and printing services using the Group products. Interlocking directorates involved.
MIMAKI IJ TECHNOLOGY CO., Ltd. (Note 2)	Pinghu, Zhejiang, China	800,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in manufacturing of the Group products. Interlocking directorates involved.
MIMAKI PINGHU TRADING CO., LTD.	Pinghu, Zhejiang, China	100 thousand RMB	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-sub-subsidiary) wholly owned by MIMAKI IJ TECHNOLOGY CO., Ltd. Primarily engaged in procurement of parts of the Group products. Interlocking directorates involved.
Shanghai Mimaki Trading Co., Ltd.	Shanghai, China	330,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the China region. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (Note 2)	Sao Paulo, Sao Paulo, Brazil	85,242 thousand BRL	North America and Latin America	100	Primarily engaged in sales of the Group products in the Brazil region.
PT. MIMAKI INDONESIA (Note 2)	Jakarta, Indonesia	93,600 million IDR	Japan, Asia and Oceania	100 (0.1)	Primarily engaged in sales of the Group products in the Indonesia region. Interlocking directorates involved.
MIMAKI AUSTRALIA PTY LTD	New South Wales, Australia	2,000 thousand AUD	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the Australia region. Interlocking directorates involved.
MIMAKI SINGAPORE PTE. LTD.	Singapore	1,487 thousand USD	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the ASEAN region. Interlocking directorates involved.
MIMAKI INDIA PRIVATE LIMITED (Note 2)	New Delhi, India	390,100 thousand INR	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the India region. Interlocking directorates involved.
MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI (Note 2)	Istanbul, Turkey	19,450 thousand TRY	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in sales of the Group products in the Turkey region.
Mimaki La Meccanica S.p.A	Bergamo, Lombardy, Italy	517 thousand EUR	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in development and manufacturing of the Group products. Interlocking directorates involved.
Mimaki Lithuania, UAB (Note 2)	Vilnius, Lithuania	6,000 thousand EUR	Europe, the Middle East and Africa	100 (100)	The consolidated subsidiary (sub-subsidiary) wholly owned by MIMAKI EUROPE B.V. Primarily engaged in manufacturing and sales of the Group products. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
Mimaki Bompan Textile S.r.l	Varese, Lombardy, Italy	1,000 thousand EUR	Europe, the Middle East and Africa	51 (51)	The consolidated subsidiary (sub-sub-subsidiary) owned by MIMAKI EUROPE B.V. Primarily engaged in sales of the Group products.
MIMAKI (THAILAND) CO., LTD.	Bangkok, Thailand	72 million THB	Japan, Asia and Oceania	100	Primarily engaged in sales of the Group products in the Thailand region. Interlocking directorates involved.
MIMAKI PRECISION Co., Ltd.	Tomi-shi, Nagano	10,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in manufacturing and processing of the Group products' parts. Interlocking directorates involved.
GRAPHIC CREATION Co., Ltd.	Ueda-shi, Nagano	125,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in printing services using the Group products. Interlocking directorates involved.
ALPHA DESIGN CO., LTD.	Tomi-shi, Nagano	195,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in development, manufacturing and sales of semiconductor automation equipment. Interlocking directorates involved.
ALPHA SYSTEMS CO., LTD.	Tomi-shi, Nagano	60,000 thousand JPY	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-sub-subsidiary) wholly owned by ALPHA DESIGN CO., LTD. Primarily engaged in manufacturing and sales of various types of FA (Factory Automation) equipment. Interlocking directorates involved.
Tonami Corporation Ltd.	Tonami-shi, Toyama	10,000 thousand JPY	Japan, Asia and Oceania	100 (100)	The consolidated subsidiary (sub-sub-subsidiary) wholly owned by ALPHA DESIGN CO., LTD. Primarily engaged in manufacturing and processing of industrial parts. Interlocking directorates involved.
LUCK'A Inc.	Shibuya-ku, Tokyo	3,000 thousand JPY	Japan, Asia and Oceania	100	Primarily engaged in planning, design and sales of merchandise. Interlocking directorates involved.

Name	Address	Share capital	Principal contents of business	Ownership percentage of voting rights (%)	Relationship
(Unconsolidated subsidiaries accounted for using the equity method) MIMAKI KANPHOR INDIA PRIVATE LIMITED	Gurgaon, Haryana, India	21,251 thousand INR	—	51	Primarily engaged in sales of the Group products in the India region. Interlocking directorates involved.
(Unconsolidated subsidiaries) Two other companies	—	—	—	—	—

- (Notes)
- The “Principal contents of business” column represents the name of the business segment.
 - These entities fall into specified subsidiaries.
 - The figures in the parenthesis under “Ownership percentage of voting rights” indicate the indirect ownership ratio included in the total.
 - Net sales (excluding internal sales among consolidated companies) of MIMAKI EUROPE B.V. is more than 10% of consolidated net sales.

Key financial data (in thousands of yen)	(1) Net sales	14,187,463
	(2) Ordinary loss	(49,986)
	(3) Loss	(664,279)
	(4) Net assets	2,848,759
	(5) Total assets	6,529,502

- Net sales (excluding internal sales among consolidated companies) of MIMAKI USA, INC. is more than 10% of consolidated net sales.

Key financial data (in thousands of yen)	(1) Net sales	8,999,951
	(2) Ordinary profit	218,111
	(3) Profit	184,005
	(4) Net assets	1,957,299
	(5) Total assets	3,672,340

5. Employees

(1) Consolidated basis

As of March 31, 2021

Segment name	Number of employees (Persons)	
Japan, Asia and Oceania	1,520	(73)
North America and Latin America	196	(-)
Europe, the Middle East and Africa	236	(3)
Total	1,952	(76)

- (Notes) 1. The “Number of employees” column indicates the number of working employees (excluding individuals seconded from the Group to outside the Group and including individuals seconded to the Group from outside the Group as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.
2. The significant decrease in the number of temporary employees in Japan, Asia and Oceania is mainly attributable to the fact that production was adjusted to match demand, which was reduced by the COVID-19 pandemic.

(2) Reporting company

As of March 31, 2021

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Yen)
790 (42)	40.3	10.4	5,112,410

Segment name	Number of employees (Persons)	
Japan, Asia and Oceania	790	(42)
Total	790	(42)

- (Notes) 1. The “Number of employees” column indicates the number of working employees (excluding individuals seconded from the Company to outside the Company and including individuals seconded to the Company from outside the Company as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.
2. Average annual salary includes bonuses and extra wages.
3. The significant decrease in the number of temporary employees in Japan, Asia and Oceania is mainly attributable to the fact that production was adjusted to match demand, which was reduced by the COVID-19 pandemic.

(3) Status of labor unions

Although no labor union is formed in the Group, the relationship between labor and management has been stable and smooth.

II. Business Overview

1. Management policies, management environment and challenges to be addressed

Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(1) Basic management policies

The Group pursues the following four goals under its management vision as basic management policies.

- (i) We aspire to become a “Development-oriented Enterprise” with our own technology and our own brand of products throughout the world.
- (ii) We aim to become a company that can adapt and quickly provide our products that will satisfy the customers.
- (iii) We strive to become an innovator always providing “something new, something different” in the market.
- (iv) We aim at creating a corporate culture where our individual employees can leverage their personal characteristics and abilities to the fullest extent.

(2) Medium- to long-term management policy and operating performance indicator

Under our M1000 medium-to long-term vision formulated in the fiscal year ended March 31, 2017, we aim to achieve net sales of 100 billion yen in the next four to eight years. To achieve sustainable growth in the high-growth-potential industrial printing market, we have been working to strengthen our technological, sales, and manufacturing strategies and management foundations.

However, in light of the recent global spread of COVID-19 and the changes in market needs and customer orientation caused by its prolonged impact, we have decided to draft and implement a new medium-to long-term growth strategy, Mimaki V10, with the fiscal year ending March 31, 2026 as the goal, based on our judgment that we need to fundamentally review our existing initiatives in anticipation of the era of with Corona and after Corona.

(i) Mimaki V10 Mission Statement

By providing solutions with integrated systems and products for front-end, print/cutting/coating/and post-processing unique to Mimaki, we will lead the way in digital on-demand industrial printing.

(ii) Mimaki V10 Management Policy

Not only pursuing sales growth, but also we intend to continually generate high levels of profit, strengthen our financial base, build a robust corporate foundation in preparation for sustainable growth, and achieve operating profit margin of 10% by FY2025.

- a. Through emphasizing profitability, by FY2025 we aim to achieve operating profit margin of 10% and ordinary profit margin of 8%.
- b. We will target a compound annual growth rate (CAGR) of 10% in net sales between FY2020 and FY2025
- c. We will strengthen our financial base by improving the cash conversion cycle to ensure our resilience to changes in the operating environment
- d. We will generate innovations through product development and continue to provide solutions that customers value
- e. In preparation for achieving Mimaki V10 goals, we will build an organizational culture so that the Mimaki Group works as one toward these goals

(3) Medium- to long-term growth strategy for Mimaki V10 performance goals

(i) Product strategy

- a. Maximize the advantages of corporate ownership of FA business by providing digital on-demand print solutions to automate the printing processes in SG, IP and TA markets
- b. SG (Sign Graphics) market
 - Seize the ongoing opportunity to accelerate the shift from organic solvents to environmentally friendly UV curable inks actively under development, marketing products and solutions using UV curable inks in which Mimaki has secured a competitive advantage.
 - Expanding market share in entry-level printer domain, also securing profit in the middle (and high-end) product domain
 - Enhancing competitive advantage by leveraging UV printer patenting technology
- c. IP (Industrial Products) market
 - Seizing the growing trend of smart factories, we provide products and solutions to realize labor-saving and unmanned printing/cutting/coating through automated processes.
 - Introduction of digitized inkjet processing to pad printing, a popular processing method within the goods and

- novelty print market, will be explored as a new growth market.
 - Enhancing competitive advantage by leveraging UV printer patenting technology
 - d. TA (Textile & Apparel) market
 - Providing solutions to improve on the opportunity of the overall transition of the market from point-of-sale to e-commerce under the influence of the COVID-19 pandemic, and comply with the shift of producer demand from high-speed to high-value-added machines.
 - Lineup of mid- and low-speed models to be strengthened to meet increased popularity of digital on-demand systems, while maintaining corporate presence within the high-speed product range with “Tiger-1800B MkIII.”
 - e. 3D printing market
 - Starting with the 10 million color full-color “3DUJ-553” released in 2017, product lineup has steadily expanded to include the thermal fusion lamination printers and 1.8 m large modeling printers, and from FY2021, the 10 million color full-color entry model will be introduced to expand the demand
 - Providing solutions to facilitate 3D modeling
 - (ii) Business development in anticipation of rapid changes in market conditions and customer needs
 - a. Global x Digital
 - Promote digital on-demand printing with IoT of digital printing and capture the Chinese Market
 - b. E-Commerce x Subscriptions
 - Increase profitability with new business models and develop selling in E-Commerce networks
 - c. Initiate innovations, exploring new markets and new applications
 - Complete revision of current development plans and prioritization of new markets
 - Review development cycle (to shorten the time frame) so that at least 25% of the products sold are developed within the past three years
 - (iii) Building the foundations for improved profitability
 - a. Ink quality improvement
 - By improving the quality of ink, we will eliminate downtime of printers in operation, contribute to the improvement of customer productivity, and reduce product repair costs caused by ink quality. Specific initiatives include improving the acceptance defect rate, reducing in-process defects, and promoting early countermeasures against market problems.
 - b. CX (Corporate Transformation)
 - Aim to achieve 10% operating profit margin by FY2025
 - Fixed costs to be reduced through restructuring and muscularization of business structure for FY2020
 - The implemented measures allow structure to yield sufficient business profit for FY2021 with just 80% of the sales for FY2019
 - While maintaining this level of basic fixed cost structure, attempts will be made to achieve 10% average growth rate (CAGR) in sales toward FY2025, with an operating profit margin of 10%.
 - Advancing BS-oriented management
 - Work on digitization and manpower saving
 - c. Reform of production systems
 - Production system responsive to fluctuating demand
 - Achieve cost power capable of competing with made-in-China
 - Enhancing inventory management
 - d. Sales system transformation
 - Conduct sales analysis by SFA (Sales Force Automation)/CRM (Customer Relationship Management) for mini exhibition strategies
 - Devise virtual mini-exhibition strategy to reach customers in all regions
 - Build sales channels towards new customers
 - Launch sales supporting team
 - Control inventory held by sales divisions
- (4) Prioritized operating and financial challenges to be addressed
- We will be working on the following items, which the Group has identified as the major challenges to be addressed to achieve Mimaki V10.
- (i) Provision of on-demand print service, printing system solutions
 - For the Group to achieve sustainable growth as a development-oriented enterprise, it needs to not only contribute to

Sustainable Development Goals or SDGs, which is increasingly demanded by the society, but also properly address concerns and needs of its customers. Market needs and customer orientation are rapidly changing due to a prolonged COVID-19 pandemic. In addition, as e-commerce has become common, requirements for “on-demand” supplies—with which consumers can use what they want whenever they want as much as they want—are increasing. Therefore, business models to cope with varying needs are required to be established. To properly respond to such changes in the operating environment and achieve sustainable growth, the Group will accommodate digital transformation (digitization that helps create added values, including value chain), which will develop more and more going forward, as a growth driver from a medium-term perspective, in addition to delivering products, software and services built on our proprietary technologies that have strong competitive advantage. Furthermore, we promote the provision of solutions for digital on-demand printing in the industrial printing market. More specifically, the Group holds “a full lineup of products, including equipment for not only printing but also for pre-/post-processing,” “a wide range of functional inks” required in the industrial printing market, as well as the “ability to provide expertise on how to solve issues,” which it has accumulated through its market development process. Especially in the FA business of the Company, we are capable of developing and producing products for pre-processing of materials on which printing is performed as well as those for post-printing processing. The Group has worked on efforts to provide comprehensive supports to customers, including the management of their production quality, with these accumulated tangible/intangible assets as resources, through the delivery of products, software and expertise needed for printing, while getting the most out of our competitive advantage in the FA business. In addition, the Group will consistently provide its know-how on labor-saving/unmanned operation through automation of printing processes and actively make proposals that help customers transform their production processes and formulate an enterprise resource plan. The Group thus will accomplish its responsibilities as a provider of end-to-end total solutions for digital on-demand printing, encompassing pre-processing, printing and post-processing of industrial printing, as well as properly respond to market needs by focusing especially on the following two areas:

a. IoT for digital printing

With the commercial launch of 5G (5th generation mobile communication system) services, we expect the potential of our industrial inkjet printer business to further grow in the SG (Sign Graphics) markets, IP (Industrial Products) markets, and TA (Textile & Apparel) markets, etc. We will promote IoT for digital printing, including labor-saving/unmanned operation, through automation of printing processes in these markets, leveraging a broad lineup of our products ranging from post-processing equipment, printers, inks, cutting plotters, post-processing equipment to workflow software, as well as our expertise in building a process for producing printed products.

In the meanwhile, the functional inks conventionally used in SA markets and IP markets have begun to shift from organic solvent inks to UV-curable inks that have less impact on the environment with high productivity. The size of the UV-curable inks market is expected to grow significantly in the years ahead. The Company has established competitive advantage in the industry through initiatives such as developing UV-curable inks and inkjet printers that use UV-curable inks well ahead of industry peers, and leveraging its proprietary patenting technologies of UV printers. By leveraging those competitive advantages, we will provide the industrial printing market with total solutions that bring higher productivity, such as IoT for digital printing and UV-curable inks, in order to ultimately solidify our position as the market leader.

b. 3D printing business

In the 3D printing business in the IP field, we have steadily enhanced our lineup since the launch of our UV-curable inkjet printer 3DUJ-553 in 2017, which realized the world’s first full-color modeling of 10 million colors. Furthermore, we have succeeded in reducing the size of it, launching 3DUJ-2207 in 2021, compact size entry-level 3D printer. We continue to develop the 3D printing business as the central pillar of the Company’s business by proposing diverse uses and applications to our customers and accelerating the market growth of full-color 3D modeling, while further enhancing our product lineup to meet varying needs of customers.

(ii) Further improving the quality of inks

For the Group, stabilizing/improving the quality of functional inks, the source of its competitiveness, is one of top priority issues. The Group therefore will review the development process for functional inks. More precisely, we will clarify the evaluation criteria for design, services and sales activities and then review evaluation items. We will also strengthen quality check at manufacturing sites for each category of ink materials to improve the quality of our products. In addition, we will achieve prompt response when a quality problem occurs in the market through quick information feedback and visualization. Through these efforts, we will further improve the quality of our inks to ultimately enhance our competitiveness.

(iii) Improving production/logistics systems

It is an important management agenda for the Group to deliver products and services requested by global customers in an efficient and timely manner while maximizing its sales, profit and cash flows by appropriately dealing with issues including a rise in customs duties and logistics cost, which increased due to the impact of the COVID-19 pandemic. Therefore, to adapt flexibly to fluctuations in demand globally, we setup project teams to rebuild a supply chain where functions, such as sales, logistics and production/procurement, are closely coordinated with each other, production can be controlled weekly, and the optimal places of production are determined by product to achieve efficient and flexible logistics and inventory management. In addition, we will work to achieve cost competitiveness and optimize inventory.

(iv) Strengthening R&D system

The Group will make efforts to drive innovation of product development and explore new markets and new applications by taking into account changes in market needs and customer orientation resulting from a prolonged impact of the COVID-19 pandemic. We will fully review our current development plans, and to prioritize new markets, we will make efforts so that 25% or more of the products sold by the Group are those that developed within the past three years. In addition, with the aim of putting superior products on the market in a timely manner under an efficient R&D system, the Group will work on modular development, an approach to choose from products, units, parts and technical information from those available for use, and combine them to develop new products that satisfy specifications required by customers. This increases net sales while reducing SKU (Stock Keeping Units). In addition, to shorten development cycles, we will establish a development process where our base product platform is deployed horizontally and new products are put in the market in a shorter period.

(v) CX (Corporate Transformation)

To achieve the goals defined in Mimaki V10, the Group will work to transform the corporate structure itself. Specifically, we will save fixed costs as well as introduce RPA to facilitate stocktaking of work, automation, use of artificial intelligence (AI) in order to reduce fixed costs and establish a muscular business structure. In addition, we will work to maximize free cash flow while improving funding efficiency by shortening the cash conversion cycle (CCC) and strengthening the financial position. The Group is aware that strengthening its global management system is an important agenda. We will make efforts to strengthen the management of its subsidiaries as well as globally review and enhance the management of corporate systems, including a mission-critical system, an accounting system and a personnel system. In addition, we will also work on measures to mitigate foreign exchange risk.

(vi) Sales system transformation

Under sales strategies tailored to the characteristics of each region, the Group will promote regionally based sales activities, including development of new users, proposal of applications, after-sales follow-up and prompt provision of maintenance services, at its domestic sales bases and overseas subsidiaries, to meet diverse needs of global customers and increase customer satisfaction. We will also work to reinvent the sales methods we have been used in order to respond to changes in customer contact points caused by the COVID-19 pandemic. More specifically, we will go from holding business negotiations with channels and customers through mini-exhibitions, which were held in physical locations previously, to making proposals to and holding business negotiations with channels and customers through virtual mini-exhibitions on the Web. Furthermore, we will hold “Mimaki Global Innovation Days” on the Web as a new channel and customer contact point twice a year, in spring and autumn, where we will provide information of our products, markets, expertise in sales, and use cases. In addition, we will also make proactive efforts to shift sales activities online by utilizing ever-evolving IT; such efforts include expanding customer contact by recording and managing sales activities with existing and potential customers based on sales analysis utilizing SFA and CRM through enhancement of the inside sales function structured in the previous period. With regard to sales channels for acquisition of new customers, we will develop and establish channels for the IP market and the 3D printing market while strengthening and enhancing the existing channels mainly for the SG market.

(vii) Ensuring thorough internal control/compliance

The Group is thoroughly committed to internal control and compliance to fulfill its corporate social responsibilities. The Group will establish a security policy to properly manage customers' information, and internally train each one of its officers and employees so they can develop a high degree of ethics and act with social consciousness in mind, not to mention abiding by relevant laws and regulations. Further, the Group takes a firm stand against antisocial forces to cut off any relationship with these forces and engage in business activities based on corporate compliance.

(viii) Implementing risk management initiatives

Under the current business environment, the business continuity plan (BCP) has become increasingly important, given a spate of large-scale natural disasters and the outbreak of infectious diseases beyond expectations in recent years. The Group will reexamine its operational infrastructure, emergency communication system and facilities, including the head office building, to ensure that, even in the event of large-scale natural disasters, it can continue business operations and minimize damages and the time required for restoration. In the event of a pandemic of infectious diseases, such as COVID-19, the whole society needs to work as one to fight the pandemic. The Group will discuss and implement appropriate countermeasures by placing utmost emphasis on the safety of the Group's officers and employees, local communities, and its stakeholders as well as prevention of spread of infection.

(ix) Addressing SDGs

The United Nations launched the Sustainable Development Goals (SDGs) as a universal call to action for the prosperity of people and the earth, at the United Nations Sustainable Development Summit held in September 2015. The Group totally agrees to these goals and will contribute to formation of a sustainable society by bringing positive impact to the society and environment through its business operations, while sincerely facing diverse social issues. Especially, we recognize that responding to global environmental problems such as climate change is an important management issue. In the industrial printing market among others, the environmental load can be greatly reduced by shifting from analog printing to digital on-demand printing. This is because analog printing, mainly used in the current industrial structure, places a high load on the environment and natural resources. Therefore, we are proactively making efforts on this issue such as promoting environment-friendly product lines in our future business activities including product development.

2. Business risks

Of the items related to Business Overview and Financial Information described in this Annual Securities Report, risks that the management believes may have a material impact on the financial position, operating results and cash flows of the Company and its consolidated subsidiaries are as follows.

Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(1) Defects in products

The Group develops on its own the products it sells, and any defects in our products could delay its product development and result in additional costs associated with repair and compensation, and consequently, impact its operating results and financial position. The Group is insured against product liability claims for just in case a quality problem arises. As measures to prevent quality problems from occurring, the Group will identify and solve existing issues in each of design, manufacture and service divisions, and consider building an organizational structure that is more effective in preventing quality issues.

(2) Cost competitiveness

(i) Production plan

The Group produces products based on estimates, and thus, reviews its production plan in line with fluctuations in demand estimates. However, failure to accurately reflect fluctuations in demand estimates in the production plan or sales falling significantly below demand estimates could affect the Group's operating results and financial position. As countermeasures against the risk, the Group will build a production system that can flexibly adjust production in line with fluctuations in demand by coordinating order placement, acceptance, assembling, shipment and arrival more closely.

(ii) Procurement of raw materials

The Group's products are comprised of a range of materials, including print heads, electrical parts, mechanical parts and inks. Procurement of such materials from existing suppliers may become difficult for some reasons. While the cost of raw materials account for 68.7% of the Group's manufacturing costs for the current fiscal year, it could rise depending on market and other conditions. All these factors may affect the Group's operating results and financial position. To protect against the risk, the Group will make efforts to hold down costs, including standardizing parts and reducing parts count at the design stage, and improving operational efficiency on top of securing multiple suppliers.

(3) Product development

While new product development is a source of growth for the Group, it also requires the Group to incur upfront R&D costs, including the costs of prototype parts and materials and labor costs. Therefore, if the development of new products does not progress as scheduled, and as a result, R&D costs have increased, or a delay in development causes sales to decrease, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will work to internally

accumulate expertise in development technologies, while continuing to employ advanced and efficient development methods.

(4) Competition

Major companies and companies from emerging nations have increasingly entered the existing markets for industrial inkjet printers, the Group's core products. At the moment, we believe the Group's products have competitive advantage in many aspects, including technology and quality, but in the event they are subjected to downward pricing pressure or the market share declines due to intensified competition, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will continue to put innovative new products on the market, while making efforts to understand customers' needs by thoroughly focusing on regionally based sales activities.

(5) Business development overseas

(i) Influence of overseas business climate

The Group earns approximately 70% of its net sales from overseas markets, and is determined to further increase the proportion going forward. Also, the Group has already manufactured its industrial inkjet printers and inks in Asia (China and Taiwan) and Europe (the Netherlands, Italy and Lithuania), and is determined to further increase manufacturing bases abroad. In the event the economic conditions in the major overseas markets deteriorate or revisions are made to laws, regulations, restrictions and taxation systems in countries where the Group operates, its operating results and financial position may be impacted. To protect against the risk, the Group will work to strengthen its information gathering and management system, as well as its risk management system globally.

(ii) Foreign exchange risk

The percentage of the Group's sales overseas has outstripped that of the products manufactured overseas. Therefore, in the event foreign exchange rates fluctuate more abruptly than expected, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will strive to improve its position held in foreign currencies over the medium term by promoting local production of inks and other consumable items for local consumption, reducing receivables in foreign currencies through earlier collection of accounts receivable in foreign currencies, and hedging foreign exchange risk over the short term using derivatives or similar instruments. To achieve this, the Group will establish a department dedicated to foreign exchange management.

(6) Recruiting and retention of talents

The Group is aware that in order to seek growth as a development-oriented global company, it should recruit, retain and foster talents who are capable of product development and those who are globally competent. Therefore, in the event these talents run short, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will review and refurbish its personnel system and implement recruiting activities globally.

(7) Interest rate fluctuation risk

The Group has financed part of its capital expenditure and working capital primarily with borrowings from financial institutions; the ratio of interest-bearing debt has reached 34.4% as of the end of the current fiscal year. Therefore, in the event of abrupt changes in interest rates, the Group's operating results and financial position may be impacted. To protect against the risk, the Group's accounting division will take the initiative in deliberating rigorous management of its cash plan and various financing alternatives.

(8) Risks related to investment, etc.

The Group is engaged in investment by itself or jointly with other companies through establishing new companies or acquiring existing companies. In the event the value of these investments declines or additional funding is required, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will fully take into account associated risks and returns in new investment projects, while objectively assessing feasibility and growth potential in existing investment projects.

(9) Intellectual property rights

The Group assumes the following risks in connection with intellectual property rights: (i) The Group may be unable to prevent third parties from using its intellectual property rights to make similar products, (ii) The products the Group sells may infringe on the intellectual property rights of third parties, and (iii) Third parties may take legal action against the Group for damages for infringement of their registered patent or similar rights of which the Group was not aware. In the event of the above, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will establish a department specializing in intellectual property rights, protect its own technologies by acquiring patent or similar rights, and make every effort not to infringe on the rights of other companies.

(10) Influence of legal regulations, etc.

The Group is subject to domestic laws and regulations, including the Product Liability Act and the Export Trade Control Order, in Japan; and also a wide range of laws and regulations, including the CE marking requirements, the regulations limiting the use of specified hazardous substances in electrical and electronic equipment, customs duties, and transfer price taxation, in countries where it operates. In the event the Group fails to comply with these laws and regulations, and as a result, its activities are restricted, or it incurs additional costs in order to address revised or new laws and regulations, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will make efforts to comply with all relevant laws and regulations by establishing a department dedicated to research and management of all kinds of laws and regulations related to the manufacturing industry on a global basis.

(11) Significant lawsuits

The Group might face legal disputes with stakeholder in the process of its business activities; in the event such legal disputes are especially significant, the Group's operating results and financial position may be impacted. To protect against the risk, the legal department, which is a specialized division, will take the initiative in quickly and smoothly resolving the disputes with the help of experts, such as lawyers.

(12) Natural disasters and other emergencies

The Group's head office building, R&D facility and factories are located in Tomi-shi, Nagano Prefecture. In the event a large-scale natural disaster hits the area, and as a result, the Group's business activities are disrupted, the Group's operating results and financial position may be impacted. To protect against the risk, the Group will work on development of a Business Continuity Plan (BCP) so that it can minimize potential damages from a large-scale natural disaster and resume its operations as early as possible.

(13) Spread of epidemics and infectious diseases including the novel corona virus (COVID-19)

In the event a spread of epidemics/infectious diseases caused by viruses, including flu and COVID-19, makes it difficult for the Group's officers and employees to commute or causes a worldwide economic downturn, and as a result, the Group's business activities are disrupted, its operating performance may be impacted. To protect against the risk, the Group has built an effective disease control system whereby the Group constantly enlightens its employees through daily safety/hygiene activities and prevent them from being infected with diseases. The recent global spread of COVID-19 disrupted especially our development, production, logistics, sales and other activities due to a plunge in printing demand from customers under the slowing global economy, as well as the additional workload to address a range of restrictions and regulations newly implemented in countries and regions where the Group operates. In fact, these situations have affected the Group's operating performance. To protect against the risk, the Group will continue to work on initiatives that help minimize damages to its operating performance, by adapting appropriately to fluctuations in demand and by other factors, in addition to initiatives that place utmost emphasis on the safety of its customers, business partners and employees. The Group will work on these efforts while closely monitoring the social landscape.

3. Management analysis of financial position, operating results and cash flows

(1) Overview of operating results, etc.

(i) Operating results

In the global economy in the fiscal year under review, the COVID-19 pandemic had a significant impact on the economy and brought an unprecedented economic downturn in the first quarter. However, gradual recovery, with differences in its degree among countries and regions, was seen in the economy in the second quarter mainly owing to the measures for economic recovery implemented by the governments. However, infection was spreading again all over the world in the second half of the third quarter, and highly infectious variants started spreading around the world in the fourth quarter. The governments tightened and extended restrictions such as movement restrictions, resulting in a slowdown in economic activities. On the whole, conditions continued to be challenging. Although economic and social activities are expected to recover as vaccination proceeds in and outside Japan, the future outlook of the economy remains uncertain and unpredictable.

Under such an environment, an economic downturn due to the COVID-19 pandemic had an impact throughout the fiscal year under review. As a result, net sales of the Group were significantly impacted by the economic down turn such as curtailed capital investments by customers and a significant decrease in demand for printing. Meanwhile, net sales for the fourth quarter continued a trend of improvement observed in the third quarter, thanks to the fact that customer demand has been recovering since it bottomed out in the first quarter.

In the circumstances, the Company has been striving to improve its net sales through proactive sales activities such as

holding online product demonstrations, exhibitions, business negotiations while implementing measures to prevent the spread of infection putting the safety of our customers and employees first. In addition, we have announced and released new products that suit market and customer needs, which have been changing due to the COVID-19 pandemic. Furthermore, to achieve a V-shaped recovery in the future, we implemented several measures for structural reforms by the end of the second quarter aiming to strengthen the business structure of the Group. As a result, we recorded a consolidated profit in the third and fourth quarters.

In light of the impact of the worldwide economic downturn associated with the spread of COVID-19 and the accompanying changes in market needs and customer orientation, the Group has drafted and announced in December 2020, a new medium-to long-term growth strategy, Mimaki V10, with the fiscal year ending March 31, 2026 as the goal, based on our judgment that we need to fundamentally review our existing initiatives in anticipation of the era of with Corona and after Corona. In Mimaki V10, we have defined our management policy that aims to achieve an operating profit margin of 10% by the fiscal year ending March 31, 2026. To realize this, we will work hard as a team across the Group to continue to generate higher profits by strengthening our financial base and building a strong corporate foundation for sustainable growth, while continuing to pursue net sales growth.

Consolidated net sales for the fiscal year ended March 31, 2021 totaled 48,722 million yen, down 12.3% year on year, operating loss was 509 million yen (compared with operating profit of 1,353 million yen in the previous fiscal year), ordinary profit was 366 million yen, down 61.3%, and loss attributable to owners of parent was 301 million yen (compared with loss attributable to owners of parent of 777 million yen in the previous fiscal year). With respect to exchange rates of major currencies during the fiscal year under review, the exchange rate was 106.06 yen per U.S. dollar and 123.70 yen per euro (in comparison with 108.75 yen and 120.83 yen, respectively, in the previous fiscal year).

Performance by business segment is shown below. Please note that descriptions about segment profits are omitted as they may diverge from the operating profits listed in the consolidated statements of income due to elimination of inter-segment transactions.

(Japan, Asia and Oceania)

Net sales amounted to 24,140 million yen, down 12.7% year on year. In China, where the economy recovered relatively earlier from the impact of the COVID-19 pandemic, sales started to recover in the second quarter. For the whole fiscal year, sales exceeded those of the previous period. Sales in Australia were also strong throughout the period. Meanwhile, in Asia and Oceania other than these two countries, and Japan, demand has been gradually recovering but its pace is still slow. As a result, the Japan, Asia and Oceania segment recorded a significant decrease in sales.

(North America and Latin America)

Net sales amounted to 10,497 million yen, down 12.4% year on year. In North America, sales were significantly decreased in the first quarter due to curtailed capital investments. However, sales started to recover steadily in the second quarter. As a result, in and after the quarter, sales recorded a year-on-year increase in each quarter. Throughout the fiscal year under review, net sales remained similar to those of the previous period. On the other hand, net sales in Latin America including Brazil significantly decreased year-on-year largely impacted by the economic downturn throughout the period. Furthermore, the appreciation of the yen against dollars and currencies in Latin America from the previous period was one of the main factor for the decrease in sales. As a result, the North America and Latin America segment recorded a significant decrease in sales.

(Europe, the Middle East and Africa)

Net sales amounted to 14,084 million yen, down 11.5% year on year. In and after the second quarter, sales showed a recovery trend as a whole, with differences in its degree among countries. In the fourth quarter, the most recent period, net sales in major countries including Germany, the U.K., Italy, and France exceeded those for the previous period. However, the Europe, the Middle East and Africa segment recorded a significant decrease in sales largely impacted by the severe economic downturn in the first quarter caused mainly by strict movement restrictions in major European countries.

Net sales by market

	Net sales (Millions of yen)	Percentage of net sales (%)	Year-on-year changes (%)
SG market	20,121	41.3	(8.4)
IP market	12,666	26.0	(15.9)
TA market	4,427	9.1	(24.9)
FA business	3,663	7.5	(16.9)
Others	7,843	16.1	(4.5)
Total	48,722	100.0	(12.3)

(SG market)

Net sales amounted to 20,121 million yen, down 8.4% year on year. A decrease was recorded in sales due to weak demand of signage printing, which was impacted by cancellation and postponement of exhibitions and events across the world related to the COVID-19 pandemic. Meanwhile, in and after the second quarter, sales were increasing as customer demand for printing was recovering and a new demand increased such as for signboards for prevention of the spread of COVID-19. In the third and fourth quarters, sales increased year-on-year.

(IP market)

Net sales amounted to 12,666 million yen, down 15.9% year on year. A significant decrease was recorded in sales because demand remained weak for printing on industrial products, goods and novelty due to a sluggish global consumption. However, in and after the second quarter, the range of decrease in sales was improved. As a result, in the fourth quarter, the most recent period, sales increased year-on-year.

(TA market)

Net sales amounted to 4,427 million yen, down 24.9% year on year. A significant decrease was recorded in sales because sales of both machines and inks declined due to customers' low operation ratio. This is attributable to the fact that demand in the textile and apparel market shrank impacted mainly by voluntary restraint of economic activities and movement restrictions all over the world. In and after the second quarter, sales gradually improved as economic activities have been recovering around the world.

(FA business)

Net sales amounted to 3,663 million yen, down 16.9% year on year. Although we received favorable orders for some areas including those for cars, the FA business recorded a significant decrease in sales because the economic slowdown had impact on the entire FA business.

(ii) Financial position

(Assets)

Total assets as of March 31, 2021 amounted to 50,838 million yen, a decrease of 3,383 million yen (compared with 54,221 million yen as of March 31, 2020). Total current assets amounted to 39,163 million yen, a decrease of 1,940 million yen (compared with 41,103 million yen as of March 31, 2020). This is mainly attributable to a decrease in notes and accounts receivable - trade of 1,730 million yen. Moreover, total non-current assets amounted to 11,675 million yen, a decrease of 1,442 million yen (compared with 13,118 million yen as of March 31, 2020). This is mainly attributable to a decrease in tools, furniture and fixtures of 412 million yen.

(Liabilities)

Total liabilities as of March 31, 2021 amounted to 34,625 million yen, a decrease of 3,563 million yen (compared with 38,188 million yen as of March 31, 2020). Total current liabilities amounted to 24,969 million yen, a decrease of 4,177 million yen (compared with 29,146 million yen as of March 31, 2020). This is mainly attributable to increases in electronically recorded obligations - operating of 1,703 million yen and notes and accounts payable - trade of 797 million yen, despite a decrease in short-term borrowings of 6,575 million yen. Total non-current liabilities amounted to 9,656 million yen, an increase of 613 million yen (compared with 9,042 million yen as of March 31, 2020). This is mainly attributable to an increase in long-term borrowings of 847 million yen.

(Net assets)

Total net assets as of March 31, 2021 amounted to 16,213 million yen, an increase of 180 million yen (compared with 16,033 million yen as of March 31, 2020). This is mainly attributable to an increase in foreign currency translation adjustment of 533 million yen, despite a decrease in retained earnings of 301 million yen.

(iii) Cash flows

Cash and cash equivalents (hereinafter “cash”) as of March 31, 2021 totaled 10,683 million yen, a decrease of 305 million yen compared with March 31, 2020, owing to a decrease in short-term borrowings and repayments of long-term borrowings, etc., partially offset by proceeds from long-term borrowings, an increase in trade payable, etc. The details by operating activities, investing activities and financing activities are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled 6,634 million yen (up 5,810 million yen year on year). This is mainly attributable to an increase in trade payables of 2,295 million yen and a decrease in trade receivables of 2,062 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities totaled 15 million yen (net use of 368 million yen year on year). This is mainly attributable to proceeds from sale of businesses of 334 million yen, proceeds from sale of property, plant and equipment totaling 99 million yen, despite the purchase of property, plant and equipment totaling 434 million yen.

(Cash flows from financing activities)

Net cash used in financing activities totaled 7,315 million yen (compared with an increase of 6,883 million yen in the previous fiscal year). This is mainly due to a decrease in short-term borrowings totaling 6,721 million yen and repayments of long-term borrowings of 5,998 million yen, partially offset by proceeds from long-term borrowings totaling 5,541 million yen.

(iv) Production, orders received and sales

a. Production

Production by segment during the fiscal year ended March 31, 2021 are as follows.

(Thousands of yen)

Segment name	Current fiscal year (From April 1, 2020 to March 31, 2021)	Year-on-year changes (%)
Japan, Asia and Oceania	20,926,657	(17.7)
Europe, the Middle East and Africa	1,930,921	3.1
Total	22,857,578	(16.2)

(Note) The amounts are figures before inter-segment transactions and are based on standard cost.

Furthermore, production by market during the current fiscal year are as follows.

(Thousands of yen)

Classification by market	Current fiscal year (From April 1, 2020 to March 31, 2021)	Year-on-year changes (%)
SG market	8,657,443	(16.9)
IP market	4,438,178	(26.1)
TA market	2,524,564	(15.8)
FA business	3,350,405	(12.4)
Others	3,886,987	(3.7)
Total	22,857,578	(16.2)

(Notes) 1. The amounts above are based on standard cost.

2. The significant decrease in production in Japan, Asia and Oceania is attributable to the fact that we conducted planned closing for our main factory, Kazawa Factory (located in Tomi-shi, Nagano) to adjust production to suit demand, which dropped due to the COVID-19 pandemic.

b. Orders received

Not applicable because the Group (the Company and its consolidated subsidiaries) adopts the production system based on estimated orders.

c. Sales

Sales by segment during the current fiscal year are as follows.

(Thousands of yen)

Segment name	Current fiscal year (From April 1, 2020 to March 31, 2021)	Year-on-year changes (%)
Japan, Asia and Oceania	24,140,925	(12.7)
North America and Latin America	10,497,439	(12.4)
Europe, the Middle East and Africa	14,084,565	(11.5)
Total	48,722,930	(12.3)

(Note) All inter-segment transactions are eliminated.

Furthermore, sales by market during the current fiscal year are as follows.

(Thousands of yen)

Classification by market	Current fiscal year (From April 1, 2020 to March 31, 2021)	Year-on-year changes (%)
SG market	20,121,268	(8.4)
IP market	12,666,863	(15.9)
TA market	4,427,711	(24.9)
FA business	3,663,203	(16.9)
Others	7,843,883	(4.5)
Total	48,722,930	(12.3)

Sales by product category during the current fiscal year are as follows.

(Thousands of yen)

Product category	Current fiscal year (From April 1, 2020 to March 31, 2021)	Year-on-year changes (%)
Machines	19,583,724	(20.4)
Ink	17,541,117	(6.1)
Spare parts	3,836,867	(1.6)
Others	7,761,220	(7.2)
Total	48,722,930	(12.3)

- (Notes) 1. Consumption taxes are not included in the figures above.
2. Information on sales for major customers is omitted because their percentage to total sales is less than 10%.

(2) Management's analysis and discussion of operating results, etc.

Management's perception, analysis and discussion of the Group's operating results, etc. are as follows. Items in the text below that concern the future were determined by the Group as of the end of the current fiscal year.

(i) Perception, analysis and discussion of financial position and operating results

Financial position is described in "(1) Overview of operating results, etc. (ii) Financial position."

Working capital (which is the amount obtained by deducting the amount of current liabilities from that of current assets) increased by 2,236 million yen compared with the end of the previous fiscal year to 14,194 million yen. Although we expect that management environment will continue to be challenging, the Company maintains sound financial position and secures sufficient capital.

As to operating results, consolidated net sales totaled 48,722 million yen, down 12.3% year on year, operating loss was 509 million yen (compared with operating profit of 1,353 million yen in the previous fiscal year). Details are described in "(1) Overview of operating results, etc. (i) Operating results."

- (ii) Analysis and discussion of cash flows and information related to capital resources and liquidity of funds
Cash flows is described in “(1) Overview of operating results, etc. (iii) Cash flows.”

During the current fiscal year, the Group’s free cash flow, which constitutes the capital resources and represents the liquidity of funds, amounted to 6,650 million yen. The Group recorded a loss during the current fiscal year. However, as the loss was attributable to a non-cash item (impairment loss on goodwill) as well as the Group conducted a thorough reduction in inventories and deferred its capital investments that were neither required nor urgent, it managed to record positive operating cash flow and free cash flow. We are determined to give top priority to securing internal reserves under the present circumstances where impact of COVID-19 is expected to be prolonged. However, afterward, as we need to secure reasonable liquidity to finance our proactive investments for growth, we will secure capital resources, while taking into account the optimal balance between internal reserves, direct financing and indirect financing.

- (iii) Objective indicators, etc. to determine the achievement of management policies, strategies, etc. or management targets
As described in “II. Business Overview 1. Management policies, management environment and challenges to be addressed,” the Group aims to achieve an operating profit margin of 10% by the fiscal year ending March 31, 2026 under the medium-to long-term growth strategy Mimaki V10. To realize this, we will make efforts to continue to generate higher profits by strengthening our financial base and building a strong corporate foundation for sustainable growth, while continuing to pursue net sales growth.

- (iv) Significant accounting estimates and underlying assumptions
Of the accounting estimates used in the preparation of the consolidated financial statements and underlying assumptions, significant ones are described in “V. Financial Information 1. Consolidated financial statements, etc. (1) Consolidated financial statements [Notes] (Significant accounting estimates).”

4. Material contracts, etc.

There is no related information.

5. R&D activities

To remain as an innovator to provide “something new, something different” to the market, the Group has actively worked on R&D activities; approximately 320 employees, representing about 40% of the total headcount, belong to the development departments. The Group conducts its R&D activities in Japan.

The Company develops elemental technologies, which constitute the basis for products, ahead of development of products, so that it can quickly commercialize products to capture market demand. Technologies directly related to product development consists of the following five types: mechanical design technology (mechanical), control design technology (hardware), embedded software technology (firmware), application software technology and ink technology. By combining these technologies, project teams in the Research and Development Division works on commercialization of products. The project teams have made proactive efforts to shorten the time required for development and improve the quality and cost performance of products by sharing elemental technologies and also sharing and standardizing design processes. We have also built an organizational structure that enables development teams to constantly monitor the needs of users and technological trends, and develop products tailored to the needs and preferences of customers from a medium- to long-term horizon, through close communication between marketing departments and the Research and Development Division. Under this organizational structure, we have aimed to optimize our total solutions, comprising main units, application software, inks and media, to ultimately provide users with “beautiful and quick” printing and cutting.

Furthermore, the Group has positioned product development as one of its most important strategic agendas, and thus has intensively invested in development, with the aim of building a competitive advantage leveraging its innovative and unique strengths, and meeting market needs and customer orientation, which are rapidly changing due to a prolonged impact of the COVID-19 pandemic, and responding to expanding demand for digital-on-demand supply.

The major outcomes of our R&D activities during the current fiscal year are as follows:

(Hardware)

- (1) For the SG market, the Group started the sale of the Roll to Roll inkjet printer JV100-160. This printer provides “high operability” in addition to “high resolution” and “reliability,” which the Company, leading the SG market, achieved with our technologies accumulated over the years.
- (2) For the IP market, the Group announced the release of 3DUJ-2207, compact 3D printer with one-fifth the price of 3DUJ-553, our high-end model of UV curing inkjet printer. Our thorough design efforts for downsizing enabled a lower price, while

maintaining high performance. This compact 3D printer can demonstrate the same number of colors—more than 10 million—and modeling accuracy as 3DUJ-553.

- (3) For the TA market, the Group started the sale of the solvent UV inkjet printer SUJV100-160. The printer is designed to keep beautiful print while retaining the texture of leather and synthetic leather, which has not been achieved with traditional technologies, enabling a wide range of application from fashion accessories to car seats.
- (4) For the TA market, the Group started the sale of the sublimation transfer inkjet printer, TS100-1600, which supports a print width of 1,600 mm, commonly used width in the textile and apparel markets. TS100-1600 enables high productivity through high-speed printing, twice as fast as existing printers for textiles, while maintaining a reasonable price as an entry-level model.
- (5) For the TA market, the Group started the sale of Tiger-1800B Mk III, a new model added the Mimaki Printer Controller of new touch-screen operation software to the Tiger-1800B Mk II, that pursues speed and beauty based on the enhanced stability and high accuracy of print technology which results in high-quality printing.
- (6) For the FA business, the Group started the sale of DCF-605PU, equipment for applying dehumidifying coatings on printed circuit boards. It automates manual processes of applying dehumidifying coatings, enabling highly precise coating through accurate position sensing features and improvement of yield through improved work efficiency.

(Software)

- (7) The Group started the sale of RasterLink7, which transforms PDF data to process with the RIP core, enabling highly precise and high-speed processing. Comparing the existing RasterLink6Plus, RIP processing speed, usability, and productivity are improved. In addition, mail merge printing (variable printing) is supported.

During the current fiscal year, as a result of these R&D activities, the Group's R&D related expenses totaled 3,253 million yen. Please note that the amount includes expenses associated with improvement to existing products and expansion of their applications. "Research and development costs" defined in "Accounting Standard for Research and Development Costs" (issued by the Business Accounting Council of Japan) amounted to 1,953 million yen.

III. Property, Plant and Equipment

1. Overview of capital investments

The Group makes capital investments focused on the fields of products and R&D that have high potential for growth, as well as those that are instrumental in saving labors, streamlining operations, and enhancing product reliability.

Capital expenditures in the current fiscal year amounted to 753 million yen, of which 137 million yen was spent for molds for the Japan, Asia and Oceania segment. Capital expenditures were funded by internally generated funds and borrowings.

2. Major facilities

The Group's major facilities are as follows.

(1) Reporting company

As of March 31, 2021

Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Other	Total	
Head Office / Bokuya Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Development facilities and others	399,745	34,822	654,297 (42,227.18)	2,442	253,116	1,344,424	445 (14)
Kazawa Factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities for computer peripherals	2,138,602	35,188	509,632 (29,080.00)	-	287,925	2,971,348	133 (25)
Tokyo Branch Office and 14 other sales offices	Japan, Asia and Oceania	Sales facilities	44,370	-	- (-)	530	63,869	108,770	193 (3)
Ueda Warehouse (Ueda-shi, Nagano)	Japan, Asia and Oceania	Warehouse facilities	34,538	0	44,300 (3,698.71)	-	3,650	82,489	- (-)
Nagano Development Center (Nagano-shi, Nagano)	Japan, Asia and Oceania	Development facilities	51,952	-	26,825 (1,245.00)	-	423	79,202	5 (-)
Hachioji Development Center (Hachioji-shi, Tokyo)	Japan, Asia and Oceania	Development facilities	166,800	100	239,382 (1,448.27)	4,059	4,783	415,126	14 (-)
Kurakake Innovation Center (provisional name) (Tomi-shi, Nagano)	Japan, Asia and Oceania	Land for a research and development facility	0	-	1,324,997 (83,648.36)	-	-	1,324,997	- (-)

(2) Domestic subsidiaries

As of March 31, 2021

Company name	Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Others	Total	
MIMAKI PRECISION Co., Ltd.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities	3,011	32,109	- (-)	207,407	0	242,528	30 (3)
ALPHA DESIGN CO., LTD.	Head office and factory (Tomi-shi, Nagano)	Japan, Asia and Oceania	Manufacturing facilities and others	191,765	61,262	100,365 (11,344.82)	14,807	1,335	369,537	70 (-)
ALPHA SYSTEMS CO., LTD.	Head office and factory (Yonezawa-shi, Yamagata)	Japan, Asia and Oceania	Manufacturing facilities	27,590	3,736	66,309 (7,725.86)	7,755	1,003	106,396	87 (-)

Tonami Corporation Ltd.	Head office and factory (Tonami-shi, Toyama)	Japan, Asia and Oceania	Manufacturing facilities	56,262	67,456	308,923 (38,456.15)	3,871	2,103	438,617	102 (4)
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(3) Overseas subsidiaries

As of March 31, 2021

Company name	Facility name (Location)	Segment name	Facilities	Book value (Thousands of yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (In square meters)	Leased assets	Others	Total	
MIMAKI USA, INC.	Head Office (Georgia, U.S.A.)	North America and Latin America	Sales facilities	61,300	4,110	- (-)	-	204,731	270,142	134 (0)
MIMAKI EUROPE B.V.	Head Office (Diemen, the Netherlands)	Europe, the Middle East and Africa	Sales facilities and others	195,629	201,717	- (-)	-	200,409	597,755	119 (2)
Mimaki Deutschland GmbH	Head Office (Bavaria, Germany)	Europe, the Middle East and Africa	Sales facilities	67,665	14,852	- (-)	-	32,480	114,998	40 (1)
MIMAKI IJ TECHNOLOGY CO., Ltd.	Head Office (Zhejiang, China)	Japan, Asia and Oceania	Manufacturing facilities	55,251	122,697	- (-)	86,047	55,145	319,141	156 (7)
Mimaki Lithuania, UAB	Head Office (Vilnius, Lithuania)	Europe, the Middle East and Africa	Manufacturing facilities	120,100	28,421	- (-)	-	7,032	155,554	21 (-)

- (Notes)
1. "Others" in the "Book value" columns indicate a total amount of tools, furniture and fixtures and construction in progress.
 2. Consumption taxes are not included in the figures above.
 3. A part of the facilities of Head Office and Bokuya Factory is leased to MIMAKI PRECISION Co., Ltd. and GRAPHIC CREATION Co., Ltd., both of which are the Group's consolidated subsidiaries.
 4. The "Number of employees" column indicates the number of working employees (excluding individuals seconded from the Group to outside the Group and including individuals seconded to the Group from outside the Group as well as regular part-time employees). An additional figure for the number of temporary employees (including part-time employees, temporary staff who are contracted through staffing agencies and seasonal workers) is shown in parentheses as the annual average number.
 5. The Group has no other significant leasing or leased facilities than the above.

3. Planned additions, retirements, etc. of facilities

The capital investment of the Group is determined by thoroughly considering factors such as business forecast, industry trends, and investment efficiency. Planned Significant additions, retirements, etc. of facilities as of the end of the current fiscal year are as follows:

(1) Significant additions, etc. of facilities

Company name Facility name	Location	Segment name	Facilities	Planned investment amount		Financing method	Scheduled commencement/ completion		Increased capacity after completion
				Total amount (Thousands of yen)	Paid amount (Thousands of yen)		Commencement	Completion	
MIMAKI PRECISION Co., Ltd. Head Factory	Tomi-shi, Nagano	Japan, Asia and Oceania	Manufacturing facilities	722,500	-	Internally generated funds and borrowings	April 2021	March 2022	Approximately 60% increase
The Company Kazawa Factory	Tomi-shi, Nagano	Japan, Asia and Oceania	Molds	304,615	-	Internally generated funds and borrowings	April 2021	March 2022	(Note 2)
The Company Head Office / Bokuya Factory and each Sales Office	Tomi-shi, Nagano	Japan, Asia and Oceania	The Company's products for exhibition and demonstration	214,638	-	Internally generated funds and borrowings	April 2021	March 2022	(Note 2)

- (Notes) 1. Consumption taxes are not included in the figures above.
2. There are no significant changes in the increased capacity after completion because replacement or update of new products is performed in the plan.
- (2) Significant retirements, etc. of facilities
- There is no related information.

IV. Information about reporting company

1. Information on the Company's shares, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Type	Total number of authorized shares (Shares)
Common shares	128,160,000
Total	128,160,000

(ii) Total number of issued shares

Type	Number of issued shares at the end of the fiscal year (Shares) (As of March 31, 2021)	Number of issued shares as of filing date (Shares) (As of June 30, 2021)	Name of financial instruments exchange where the shares of the Company is traded or the name of authorized financial instruments firms association where the Company is registered	Description
Common shares	32,040,000	32,040,000	Tokyo Stock Exchange First Section	Number of shares per one unit 100 shares
Total	32,040,000	32,040,000	–	–

(2) Share acquisition rights, etc.

(i) Stock option plan

Resolution date	January 16, 2018	January 16, 2019	January 16, 2020
Category and number of individuals covered by the plan	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 31 Directors and employees of the Company's subsidiaries 16	Directors of the Company (excluding Outside Directors) 7 Employees of the Company 43 Directors and employees of the Company's subsidiaries 19	Directors of the Company (excluding Outside Directors) 7 Employees of the Company and directors and employees of the Company's subsidiaries 68
Number of share acquisition rights (Units)*	710	887	1,014
Type, description and number of shares subject to share acquisition rights (Shares)*	71,000 common shares	88,700 common shares	101,400 common shares
Paid-in amount upon exercise of the share acquisition rights*	1,219 yen (Note 1)	815 yen (Note 1)	522 yen (Note 1)
Exercise period of share acquisition rights*	From February 16, 2020 to February 15, 2024	From March 15, 2021 to March 14, 2025	From March 14, 2022 to March 13, 2026
Issue price of shares and amount to be included in capital in cases where shares are issued upon exercise of share acquisition rights*	Issue price of shares 1,219 yen Amount to be included in capital 610 yen	Issue price of shares 815 yen Amount to be included in capital 408 yen	Issue price of shares 522 yen Amount to be included in capital 261 yen
Conditions for exercising share acquisition rights*	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director, an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.		

Transfer of the share acquisition rights*	Acquisition of the share acquisition rights by transfer shall be subject to approval by the resolution of the Company's Board of Directors.
Issuance of the share acquisition rights in the event of an organizational restructuring*	(Note 2)

* The description above indicates the status as of the end of current fiscal year (March 31, 2021). As there was no change in the description between the end of the fiscal year and the end of month prior to the filing month (May 31, 2021), any description as of the end of the filing month has been omitted.

(Notes) 1. If the Company conducts a share split or a share consolidation after issuing the share acquisition rights, the paid-in amount shall be adjusted at the time when such a transaction comes into effect in accordance with the following formula. Any fractional amounts of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Paid-in amount after adjustment} = \text{Paid-in amount before adjustment} \times \frac{1}{\text{Ratio of share split or consolidation}}$$

In addition, if the Company issues new shares or disposes of treasury shares at less than market price after issuing the share acquisition rights, the paid-in amount shall be adjusted in accordance with the following formula. Any fractional amounts of less than one yen resulting from the adjustment shall be rounded up.

$$\text{Paid-in amount after adjustment} = \text{Paid-in amount before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of shares newly issued} \times \text{paid-in amount per share}}{\text{Market price per share}}}{\text{Number of shares already issued} + \text{Number of shares newly issued}}$$

2. Treatment of share acquisition rights in the event of an organizational restructuring

If any contracts or plans concerning organizational restructuring of the Company specify the issuance of the share acquisition rights on the shares of a stock company generated as a result of the restructuring scheme as described below, such share acquisition rights shall be issued according to the ratio of said organizational restructuring.

(i) Merger, only if the Company ceases to exist

A stock company surviving after the merger or a stock company newly established as a result of the merger

(ii) Absorption-type company split

A stock company that succeeds all or part of rights and obligations of a particular business owned by a stock company that is effecting an absorption-type company split

(iii) Incorporation-type company split

A stock company newly established as a result of the company split

(iv) Share exchange

A stock company that acquires all the shares issued by a stock company that is effecting the share exchange

(v) Share transfer

A stock company established as a result of share transfer

(ii) Rights plan

There is no related information.

(iii) Other share acquisition rights, etc.

There is no related information.

(3) Exercise, etc. of moving strike convertible bonds, etc.

There is no related information.

(4) Changes in total number of shares issued, share capital, etc.

Date	Change in the total number of shares issued (Shares)	Balance of the total number of shares issued (Shares)	Change in share capital (Thousands of yen)	Balance of share capital (Thousands of yen)	Change in legal capital surplus (Thousands of yen)	Balance of legal capital surplus (Thousands of yen)
April 1, 2015 (Note)	16,020,000	32,040,000	—	4,357,456	—	4,245,456

(Note) The change was caused by the 2-for-1 share split.

(5) Shareholding by shareholder category

As of March 31, 2021

Category	Shareholding status (Number of shares per share unit: 100 shares)							Shares less than one unit (Shares)	
	Public sector	Financial institutions	Financial instruments business operators	Other corporations	Foreign investors, etc.		Individuals and others		Total
					Companies, etc.	Individuals			
Number of shareholders (Persons)	1	20	23	53	74	4	4,139	4,314	—
Number of shares held (Units)	160	46,318	4,181	103,123	35,789	53	130,734	320,358	4,200
Shareholding ratio (%)	0.05	14.45	1.31	32.19	11.17	0.02	40.81	100.00	—

(Note) 2,545,767 treasury shares consist of 25,457 units included in “Individuals and others” and 67 shares included in “Shares less than one unit.”

(6) Major shareholders

As of March 31, 2021

Shareholder name	Address	Number of shares held (Shares)	Shareholding ratio (excluding treasury shares) (%)
Ikeda Holdings, Inc.	1-4-18, Kokubu, Ueda-shi, Nagano	4,497,200	15.25
Tanaka Kikaku Ltd.	532-3, Agata, Tomi-shi, Nagano	2,330,000	7.90
Noriyuki Tanaka	Tomi-shi, Nagano	2,031,600	6.89
The Master Trust Bank of Japan, Ltd.	2-11-3, Hamamatsucho, Minato-ku, Tokyo	1,681,400	5.70
Tokyo Small and Medium Business Investment & Consultation Co., Ltd.	3-29-22, Shibuya, Shibuya-ku, Tokyo	1,524,000	5.17
MIMAKI ENGINEERING Employee Stock Ownership	2182-3, Shigeno-Otsu, Tomi-shi, Nagano	1,507,000	5.11
STATE STREET BANK AND TRUST COMPANY 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	AIB INTERNATIONAL CENTRE P.O. BOX 518 IFSC DUBLIN, IRELAND (3-11-1, Nihonbashi, Chuo-ku)	1,304,800	4.42
THE HACHIJUNI BANK, LTD. (Standing proxy: The Master Trust Bank of Japan, Ltd.)	178-8 Aza-Okada, Oaza-Nakagosho, Nagano-shi, Nagano (2-11-3, Hamamatsucho, Minato-ku, Tokyo)	840,000	2.85
Adeki Partners Co., Ltd.	1-5-16, Kokubu, Ueda-shi, Nagano	833,200	2.82
EPSON AVASYS CORPORATION	1077-5, Shimonogo-Otsu, Ueda-shi, Nagano	720,000	2.44
Total	—	17,269,200	58.55

(Note) Among the above number of shares held, the number of shares related to trust services are as follows.

The Master Trust Bank of Japan, Ltd.: 1,681,400 shares

(7) Voting rights
 (i) Issued shares

As of March 31, 2021

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Shares with no voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	Common shares 2,545,700	–	–
Shares with full voting rights (Other)	Common shares 29,490,100	294,901	–
Shares less than one unit	Common shares 4,200	–	–
Total number of issued shares	32,040,000	–	–
Total number of voting rights	–	294,901	–

(Note) The “Shares less than one unit” column includes 67 treasury common shares owned by the Company.

(ii) Treasury shares

As of March 31, 2021

Name of shareholder	Address of shareholder	Number of shares held in own name (Shares)	Number of shares held in others' names (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
MIMAKI ENGINEERING CO., LTD.	2182-3 Shigeno-Otsu, Tomi-shi, Nagano	2,545,700	–	2,545,700	7.95
Total	–	2,545,700	–	2,545,700	7.95

(Note) Other than the above, the Company owns 67 shares less than one unit.

2. Acquisition, etc. of treasury shares

Type of shares, etc.: Common shares

- (1) Acquisition by resolution of the General Meeting of Shareholders
There is no related information.
- (2) Acquisition by resolution of the Board of Directors
There is no related information.
- (3) Details of acquisition of treasury shares not based on the resolution of the General Meeting of Shareholders or the Board of Directors
There is no related information.

(4) Disposal or holding of acquired treasury shares

Classification	Current fiscal year		From April 1, 2020 until the filing date of this Annual Securities Report	
	Number of shares (Shares)	Total amount of disposal (Thousands of yen)	Number of shares (Shares)	Total amount of disposal (Thousands of yen)
Acquired treasury shares for which subscribers were solicited	–	–	–	–
Acquired treasury shares that were disposed	–	–	–	–
Acquired treasury shares for which transfer of shares was conducted due to merger, share exchange, share delivery, or company split	–	–	–	–
Other (-)	–	–	–	–
Treasury shares held	2,545,767	–	2,545,767	–

3. Dividend policy

The Company positions the return of profits to shareholders as an important management policy, and aims to make the stable and constant distribution of results proportionate with the earnings growth. We utilize internal reserves to prepare for the future business development and strengthen our financial foundation, thereby enhancing competitiveness in ever-changing business environment.

The Articles of Incorporation of the Company stipulate that the Company can pay dividends of surplus by the resolution of the Board of Directors in accordance with Article 459, paragraph (1) of the Companies Act.

In consideration of the business performance and other factors for the current fiscal year, we paid out year-end dividends of 7.5 yen per share, but have decided not to pay out interim dividends.

The payment of dividends of surplus for the current fiscal year is as follows.

Resolution date	Total amount of dividends (Thousands of yen)	Dividend per share (Yen)
April 27, 2021 Resolution of the Board of Directors	221,206	7.5

4. Corporate governance

(1) Overview of corporate governance

(i) Basic philosophy on corporate governance

As a public company, the Group aims to establish and maintain good relationships with its stakeholders, including shareholders, customers, employees, and local communities. We recognize that strengthening and enhancing our corporate governance system is an important management issue toward this end. This is why we are striving to establish and firmly entrench a sound and highly transparent management system that can respond rapidly and accurately to changes in the business climate, a system for timely and appropriate information disclosure to fulfill accountability to stakeholders, and a system for carrying out corporate operations in compliance with the law, while maintaining high ethical standards. We believe that it is important for all employees, not just the management team, to be aware of and to practice compliance at all times.

(ii) Overview of the corporate governance structure and reason for adopting this structure

(a) Overview of the corporate governance structure

Upon a resolution at the 44th Annual General Meeting of Shareholders held on June 27, 2019, the Company transitioned from a company with a board of auditors to a company with an audit and supervisory committee.

The Company positions the Board of Directors as a body to make decisions on management policies and strategies and to supervise the execution of operations, and ensures validity and legality of decisions made by the Board of Directors and the Audit and Supervisory Committee by appointing Outside Directors. In addition, the Company has established a provision in its Articles of Incorporation that allows it to delegate all or part of decision-making on the execution of certain important operations to Directors by a resolution of the Board of Directors, which enables increased management efficiency as well as prompt decision-making.

Name of body	Objectives/authority	Constituent members	
		Head of body	Members
Board of Directors	In principle, the Board of Directors holds regular meetings once a month and flexibly convenes extraordinary meetings as needed to decide important managerial matters and execution of operations, as well as to supervise the status of the execution of operations by each Director, pursuant to the law, the Articles of Incorporations and the Rules of the Board of Directors.	President Kazuaki Ikeda	Kazuyuki Takeuchi, Hiroshi Miyake, Yasuhiro Haba, Koji Shimizu, Nariaki Makino, Takeshi Kodaira, Yoh Zenno (Note), Noriyuki Tanaka, Makoto Tanaka (Note), Hisamitsu Arai (Note), Seiko Minomo (Note), Shunsuke Numata (Note)
Audit and Supervisory Committee	In principle, the Audit and Supervisory Committee holds regular meetings once a month and convenes extraordinary meetings as needed. In order to promote accurate understanding of information and flexible response to audits and other matters within the Company, Mr. Yoh Zenno was appointed as a full-time Audit and Supervisory Committee Member by a resolution of the Audit and Supervisory Committee.	Full-time Audit and Supervisory Committee Member Yoh Zenno (Note)	Noriyuki Tanaka, Makoto Tanaka (Note), Hisamitsu Arai (Note), Seiko Minomo (Note)
Management Council	The Management Council meets regularly each month and is responsible as an advisory body to the President for preparing analytical reports on the implementation of company budgets as well as budget control in operating departments and deliberation of relevant measures.	President Kazuaki Ikeda	Kazuyuki Takeuchi, Hiroshi Miyake, Yasuhiro Haba, Koji Shimizu, Nariaki Makino, Takeshi Kodaira, Yoh Zenno (Note), Kenji Tsuchiya, Takuya Yamazaki, Shigenobu Narusawa, Takayuki Ato, Masayasu Hanadate, Masaaki Kanai, Yuji Ikeda, Naoki Muromachi, Kikuo Shimizu, Takao Terashima, Naoya Kawagoshi, Koji Imoto, Takashi Noda, Tomomitsu Hanaoka, Takashi Uchino, Takahiro Hiraki, Shoji Midorikawa, Hisashi Takeuchi, Shujiro Morisawa, Norikazu Nakamura, Jun Nakamura, Takashi Namiki, Haruhiro Ozawa, Shinichi Iwamoto, Yuki Kitamura, Hiroshi Kagiya, Shuji Kitazawa, Yumiko Ide

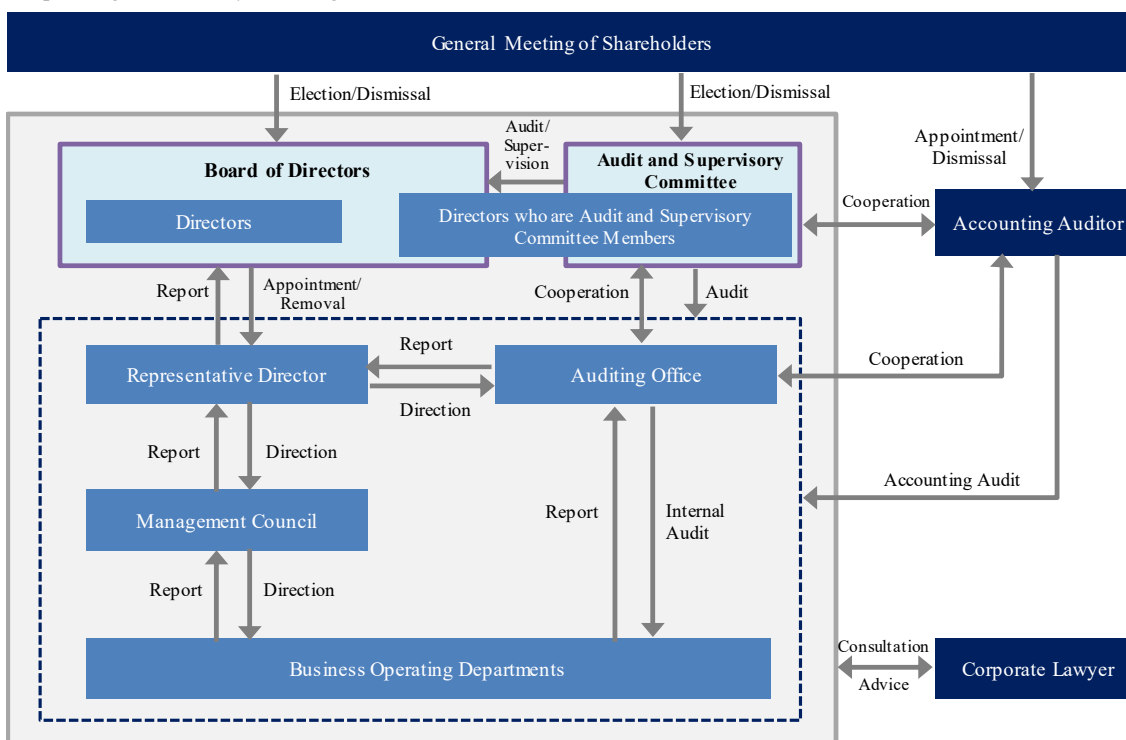
(Note) They are Outside Directors.

(b) Reason for adopting this corporate governance structure

The Company transitioned to a company with an audit and supervisory committee system on June 27, 2019.

We believe that this system will contribute to the strengthening of the corporate governance system by ensuring the soundness and appropriateness of corporate management by Audit and Supervisory Committee Members having voting rights as Directors as well as the Audit and Supervisory Committee auditing and supervising Directors' execution of duties.

Corporate governance system diagram



(iii) Other matters concerning corporate governance

(a) Status of the development of internal control systems

The Company adopted the following Basic Policy on Internal Control Systems by resolution of the Board of Directors, and is taking steps to put the systems into place.

- a. System for ensuring that Directors' execution of duties conforms with the law and the Articles of Incorporation
 - i. The Company shall establish and enforce Compliance Rules, ensure that every Director is aware of the importance of compliance, and make thorough efforts to ensure compliance, to meet the demands of stakeholders, including customers, shareholders and employees.
 - ii. The Board of Directors shall make decisions on important matters related to management based on the law, the Articles of Incorporation, and the Rules of the Board of Directors.
 - iii. An Auditing Office shall be established as a department under the direct supervision of the President and shall conduct internal audits. If matters in violation of the law, the Articles of Incorporation, or company rules are discovered through audits by the Auditing Office, the Auditing Office shall immediately report to the President.
 - iv. An internal whistleblowing system shall be put in place so that Directors can inform the compliance promoter if they discover any acts that violate the law, the Articles of Incorporation, or company rules.
- b. System for the storage and management of information related to Directors' execution of duties
 - i. A system shall be put in place to properly store and manage the minutes of board meetings, requests for managerial decisions, and other information related to Directors' execution of duties in accordance with the law, the Rules of the Board of Directors, and the Rules on Requests for Managerial Decisions.
 - ii. A system shall be put in place to properly store and manage the information in accordance with the Information Security Management Rules and the Personal Information Protection Management, Individual Numbers, and Specific Personal Information Handling Regulations.
- c. Rules related to and a system for managing the risk of loss
 - i. A system shall be put in place to conduct business after obtaining certain approvals and authorizations, in accordance with the Rules of the Board of Directors, the Rules on Organizations, Division of Duties, and Authority, and the Rules on Requests for Managerial Decisions.
 - ii. The General Manager of the Management Division shall have the role and responsibility to put in place and operate internal controls based on the basic policy decided by the Board of Directors.
 - iii. A system shall be established for immediately reporting to the President on information such as the content and degree of risk, where the Auditing Office discovers violations of the law or articles of incorporation or other execution of operations with a risk of loss through audits.

- d. System for ensuring the efficient execution of Directors' duties
 - i. In principle, regular board meetings shall be held once a month to decide important matters and conduct supervision based on reports on the status of each Director's execution of operations.
 - ii. Directors' execution of duties shall be conducted so that all matters specified in the Rules of the Board of Directors and the Rules on Organizations, Division of Duties, and Authority as matters to be discussed in the Board of Directors shall be discussed and decisions are made after multifaceted deliberation.
 - iii. With respect to the everyday execution of Directors' duties, authority shall be defined based on decision-making rules such as the Rules on Organizations, Division of Duties, and Authority and the Rules on Requests for Managerial Decisions, and an efficient method of achievement shall be established. Additionally, the Board of Directors shall conduct regular reviews of progress and promote improvements in an effort to achieve efficient management of operations.
- e. System for ensuring that employees' execution of duties conforms with the law and the Articles of Incorporation
 - i. The Company shall establish and enforce the Compliance Rules, ensure that each and every employee is aware of the importance of compliance, and make thorough efforts to ensure compliance, to meet the demands of stakeholders, including customers, shareholders, and employees.
 - ii. An Auditing Office shall be established as a department under the direct supervision of the Representative Director and shall conduct internal audits. If matters in violation of the law, the Articles of Incorporation, or company rules are discovered through audits by the Auditing Office, the Auditing Office shall immediately report to the President.
 - iii. An internal whistleblowing system shall be put in place so that employees can inform the compliance promoter if they discover any acts that violate the law, the Articles of Incorporation, or company rules.
- f. System for ensuring appropriate operations in the corporate group consisting of the Company and its subsidiaries
 - i. The Rules on the Management of Affiliated Companies require subsidiaries to send regular reports to the Company on their business performance, financial condition, and other important information. Additionally, the Corporate Planning Division, which is specified in the Rules on the Management of Affiliated Companies as the department for coordinating with subsidiaries, as well as the departments that serve as points of contact with subsidiaries, shall maintain a system so that if it is ascertained that a risk of loss has occurred at a subsidiary, the contents of the discovered risk of loss, the degree of risk, and the effects on the Company shall be reported immediately to the Company's Board of Directors and the President.
 - ii. The Company shall formulate a Group's Medium-term Management Plan and, to execute this Medium-term Plan, it shall establish important management goals and budget allocations for each fiscal year.
 - iii. The Compliance Consultation Hotline established and operated by the Company shall ensure a system that can be used by officers and employees of the Company and its subsidiaries as well as others.
 - iv. The Auditing Office shall maintain a system so that if violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered in the course of internal audits on subsidiaries, it shall report the contents of the risk of loss, the degree of risk, and the effects on the Company to the President.
- g. Matters relating to Directors and employees appointed to assist the Audit and Supervisory Committee in its duties
 - i. Where the Audit and Supervisory Committee has requested the appointment of employees to assist it in its duties, such employees shall be appointed from a department in charge of duties to be assisted.
 - ii. Employees assigned to assist the Audit and Supervisory Committee in its duties shall follow directions and instructions given by the committee when assisting such duties.
- h. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee and a system related to other reports to the committee
 - i. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee and a system related to other reports to the committee
 - ii. System for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee and a system related to other reports to the committee
 - iii. In accordance with the Compliance Rules, a system shall be established so that Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees can report to the Audit and Supervisory Committee where violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered at the management level.

- i. System for directors and employees of subsidiaries as well as persons who have received reports from them to report to the Audit and Supervisory Committee
 - i. Where a situation has occurred that could have a significant impact on the business or financial condition of a subsidiary, directors and employees of the subsidiary shall report promptly to the Company's Directors, the General Manager of the Corporate Planning Division and the departments that serve as points of contact with subsidiaries. The reported matters that are within the scope needed for the Company's Audit and Supervisory Committee to execute its duties shall be reported promptly.
 - ii. The Auditing Office shall report to the Company's Audit and Supervisory Committee Members on the implementation status of internal audits on subsidiaries as well as important matters relating to subsidiaries reported to the Compliance Consultation Hotline. Also, where requested by the Company's Audit and Supervisory Committee Members, directors and employees of subsidiaries shall promptly make appropriate reports.
 - j. System for ensuring that a person who makes a report indicated in the previous paragraph is not subjected to adverse treatment for making the report

The same as with whistleblowing to the Compliance Consultation Hotline, a document clearly stating that a whistleblower shall not suffer any drawbacks for having made a report to the Company's Audit and Supervisory Committee Members that contributes to the execution of their duties shall be produced, and thorough efforts shall be made to ensure that all officers and employees in the Group are aware of this policy.
 - k. Matters relating to the procedures for payment in advance or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members as well as policy pertaining to the processing of other expenses or debt arising from the execution of their duties

The processing of expenses and debt arising from the execution of the duties of the Audit and Supervisory Committee and its members shall be budgeted for ordinary auditing expenses, and outside experts may be appointed when it is deemed necessary for the execution of their duties.
 - l. Other systems for ensuring the effective performance of duties by the Audit and Supervisory Committee
 - i. To increase the effectiveness of auditing activities, the Representative Director and Directors (excluding Directors who are Audit and Supervisory Committee Members) shall communicate on a regular basis with the (full-time) Audit and Supervisory Committee Member, including exchanging opinions about important issues.
 - ii. The Auditing Office shall cooperate with Audit and Supervisory Committee Members as needed through reports on the results of internal audits and regular meetings.
 - m. System aimed at the exclusion of antisocial forces

The Company has established a Manual for Dealing with Antisocial Forces and shall assume a resolute attitude toward crime syndicates and other antisocial forces, blocking any kind of connection. Moreover, before initiating new transactions, an investigation shall be conducted to ensure the other party is not an antisocial force.
 - n. System for ensuring the trustworthiness of financial reporting

In accordance with the provisions of the Financial Instruments and Exchange Act, the Company and its subsidiaries shall strive to maintain a sound internal control environment. Furthermore, the Company shall establish an internal control system to enable valid and reasonable evaluation, and by striving for fair application of that system, it shall ensure the trustworthiness and appropriateness of financial reporting.
- (b) Establishment of risk management system
- An Auditing Office shall be established as a department under the direct supervision of the President and shall conduct internal audits. A system shall be established for immediately reporting to the President on information such as the content and degree of risk to prevent such risks from occurring, where the Auditing Office discovers violations of the law or the Articles of Incorporation or other execution of operations with a risk of loss through audits. Furthermore, we established the Compliance Rules in April 2006 and appointed the President as the Compliance Officer so as to establish and firmly entrench a system for carrying out corporate operations in compliance with the law, while maintaining high ethical standards. Through such efforts to foster an awareness of compliance, we are striving to prevent risks from occurring.
- (c) Status of system for ensuring the appropriateness of business operations at subsidiaries
- a. The Rules on the Management of Affiliated Companies require subsidiaries to send regular reports to the Company on their business performance, financial condition, and other important information. Additionally, the Corporate Planning Division, which is specified in the Rules on the Management of Affiliated Companies as the department for coordinating with subsidiaries, as well as the departments that serve as points of contact with subsidiaries, shall maintain a system so that if it is ascertained that a risk of loss has occurred at a subsidiary, the contents of the

discovered risk of loss, the degree of risk and the effects on the Company shall be reported immediately to the Company's Board of Directors and the President.

- b. Our subsidiaries shall formulate a Medium-term Management Plan and, to execute this Medium-term Plan, they shall establish important management goals and budget allocations for each fiscal year. Liaison meetings are held with subsidiaries on a regular basis to share information and facilitate communication among the Group, as well as to unify the Group's management policies. Where a situation has occurred that could have a significant impact on the business or financial condition of a subsidiary, directors and employees of the subsidiary shall report promptly to the Company's Directors, the General Manager of the Corporate Planning Division and the departments that serve as points of contact with subsidiaries.
- c. The Compliance Consultation Hotline shall ensure a system that can be used by officers and employees of subsidiaries as well as others. A system shall be maintained to report important reported matters relating to subsidiaries to the Company's Board of Directors, the President and Audit and Supervisory Committee Members.
- d. The Auditing Office shall maintain a system so that if violations of the law or the Articles of Incorporation or other execution of operations with risk of loss are discovered in the course of internal audits on subsidiaries, it shall report the contents of the risk of loss, the degree of risk, and the effects on the Company to the President and Audit and Supervisory Committee Members.
- e. In accordance with the provisions of the Financial Instruments and Exchange Act, our subsidiaries shall strive to maintain a sound internal control environment. Furthermore, the Company shall establish an internal control system to enable valid and reasonable evaluation, and by striving for fair application of that system, it shall ensure the trustworthiness and appropriateness of financial reporting.
- f. From the viewpoint of ensuring proper operations and improving operational efficiency in our subsidiaries, we are striving to further strengthen controls through information systems while endeavoring to improve and standardize their work processes. Presidents of subsidiaries shall attend regularly held regional meetings to facilitate information sharing and ensure efficient business operations.

(iv) Summary of contents of liability limitation agreement

Pursuant to Article 427, paragraph (1) of the Companies Act, the Company has stipulated in its Articles of Incorporation that it may enter into an agreement to limit liability for damage under Article 423, paragraph (1) of the same act, and has entered into a liability limitation agreement with each of its Outside Directors. The purpose of this agreement is to ensure that Outside Directors can fully demonstrate their expected roles when performing their duties.

(v) Overview of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act, naming Directors of the Company and subsidiaries of the Company (including the Directors in office in the current fiscal year) as the insured. The insurance premium is fully paid by the Company. The outline of the said insurance policy is that, according to the insurance policy, the insurance company covers damages that may result from the insured being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. The insurance policy is renewed every year.

(vi) Number of Directors

The Company has stipulated in its Articles of Incorporation that the Company shall have no more than ten Directors (excluding Directors who are Audit and Supervisory Committee Members) and no more than seven Directors who are Audit and Supervisory Committee Members.

(vii) Resolution requirement for appointing and dismissing Directors

The Company has stipulated in its Articles of Incorporation that a resolution to appoint Directors shall be adopted by a majority of the voting rights of the shareholders present where the shareholders holding no less than one-third of the voting rights of all shareholders who are entitled to exercise their voting rights, and that such resolution shall not be based on cumulative votes. The Company has also stipulated in its Articles of Incorporation that a resolution to dismiss Directors shall be adopted by no less than two-thirds of the voting rights of the shareholders present, where the shareholders holding a majority of the voting rights of all shareholders who are entitled to exercise their voting rights.

(viii) Special resolution requirements for general meetings of shareholders

The Company has stipulated in its Articles of Incorporation that a special resolution under Article 309, paragraph (2) of the Companies Act shall be adopted by no less than two-thirds of the voting rights of the shareholders present, where the shareholders holding no less than one-third of the voting rights of all shareholders who are entitled to exercise their voting

rights, unless otherwise provided by laws or the Articles of Incorporation. The purpose of relaxing the quorum for special resolutions at general meetings of shareholders is to ensure the meeting proceeds smoothly.

(ix) Matters to be resolved at general meetings of shareholders that can also be resolved by the Board of Directors

a. Dividends of surplus, etc.

In order to enable flexible return of profits to shareholders, the Company has stipulated in its Articles of Incorporation that matters provided for in each item of Article 459, paragraph (1) of the Companies Act, such as dividends of surplus, may be determined by a resolution by the Board of Directors, unless otherwise provided by laws.

b. Exemption of liabilities of Directors

The Company has stipulated in its Articles of Incorporation that Directors (including former Directors) may be exempted from liability to the extent provided for in laws in relation to acts provided for in Article 423, paragraph (1) of the Companies Act by a resolution by the Board of Directors, as provided for in Article 426, paragraph (1) of the same act. The purpose of this is to create an environment in which Directors can fully demonstrate their capabilities and fulfill their expected roles when carrying out their duties.

(2) Information about Directors (and other officers)

(i) List of Directors (and other officers)

Directors include 12 males and one female. (Ratio of female Directors: 7.7%)

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)	
President	Kazuaki Ikeda	November 4, 1976	April 2004	Joined GRAPHIC CREATION Co., Ltd.	Note 2	31,600
			April 2006	Joined the Company		
			September 2009	Director, MIMAKI KANPHOR INDIA PRIVATE LIMITED (current position)		
			June 2013	Director, General Manager, Sales Division and Global Marketing Department, the Company		
			June 2014	Director, GRAPHIC CREATION CO., Ltd. (current position)		
			June 2015	Executive Director and General Manager, Sales Division, the Company		
			July 2015	Director, MIMAKI EUROPE B.V. (current position)		
			July 2015	Director, MIMAKI USA, INC. (current position)		
			April 2016	President, the Company (current position)		
			April 2017	Representative Director and President, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)		
			April 2017	Representative Director and President, Shanghai Mimaki Trading Co., Ltd. (current position)		
			April 2017	Director, PT. MIMAKI INDONESIA (current position)		
			April 2017	Director, MIMAKI AUSTRALIA PTY LTD (current position)		
			April 2017	Director, MIMAKI SINGAPORE PTE. LTD. (current position)		
			December 2018	Representative Director, MIMAKI (THAILAND) CO., LTD. (current position)		
April 2019	Director, ALPHA DESIGN CO., LTD. (current position)					
April 2019	Director, ALPHA SYSTEMS CO., LTD. (current position)					
April 2019	Director, Tonami Corporation Ltd. (current position)					

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)	
Managing Director	Kazuyuki Takeuchi	March 5, 1965	April 1985	Joined Victor Company of Japan, Limited (currently JVCKENWOOD Corporation)	Note 2	81,000
			May 1990	Joined the Company		
			April 2014	General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company		
			June 2014	Director and General Manager, Research and Development Division, Research and Development Department and Technical Management Department, the Company		
			June 2015	Executive Director and General Manager, Research and Development Division, the Company		
			July 2015	Director, MIMAKI PRECISION Co., Ltd. (current position)		
			April 2016	Representative Director and President, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)		
			April 2016	Representative Director and President, MIMAKI PINGHU TRADING CO., LTD. (current position)		
			June 2016	Managing Director, the Company (current position)		
			October 2016	Representative Director, Mimaki La Meccanica S.p.A. (current position)		
			April 2017	Director, Mimaki Lithuania, UAB (current position)		
			April 2019	Director, ALPHA DESIGN CO., LTD. (current position)		
			April 2019	Director, ALPHA SYSTEMS CO., LTD. (current position)		
			April 2019	Director, Tonami Corporation Ltd. (current position)		

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Executive Director	Hiroshi Miyake	May 29, 1956	<p>April 1980 Joined Sony Corporation (currently Sony Group Corporation)</p> <p>May 2013 Joined the Company</p> <p>June 2015 General Manager, Management Division, the Company</p> <p>July 2015 Auditor, Shanghai Mimaki Trading Co., Ltd. (current position)</p> <p>July 2015 Auditor, PT. MIMAKI INDONESIA (current position)</p> <p>July 2015 Auditor, MIMAKI IJ TECHNOLOGY CO., Ltd. (current position)</p> <p>July 2015 Auditor, MIMAKI PINGHU TRADING CO., LTD. (current position)</p> <p>July 2015 Auditor, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)</p> <p>July 2015 Auditor, MIMAKI PRECISION Co., Ltd. (current position)</p> <p>July 2015 Auditor, GRAPHIC CREATION Co., Ltd. (current position)</p> <p>June 2016 Director and General Manager, Management Division, the Company</p> <p>April 2019 Auditor, ALPHA DESIGN CO., LTD. (current position)</p> <p>April 2019 Auditor, ALPHA SYSTEMS CO., LTD. (current position)</p> <p>April 2019 Auditor, Tonami Corporation Ltd. (current position)</p> <p>June 2019 Executive Director and General Manager, Management Division, the Company</p> <p>June 2019 Auditor, LUCK'A Inc. (current position)</p> <p>September 2019 Director, MIMAKI INDIA PRIVATE LIMITED (current position)</p> <p>July 2020 Executive Director, the Company (current position)</p>	Note 2	12,300
Director General Manager, Sales Division	Yasuhiro Haba	July 23, 1971	<p>April 1996 Joined CAM Co., Ltd.</p> <p>September 1997 Joined the Company</p> <p>October 2015 Deputy General Manager, Sales Division and General Manager, JP Business Department, the Company</p> <p>April 2016 Representative Director and President, MIMAKI USA, INC.</p> <p>June 2016 Director, the Company</p> <p>October 2017 Director and General Manager, Sales Division, the Company (current position)</p> <p>June 2018 Director, MIMAKI EUROPE B.V. (current position)</p> <p>June 2018 Director, Mimaki Deutschland GmbH (current position)</p> <p>April 2019 Director, Shanghai Mimaki Trading Co., Ltd. (current position)</p>	Note 2	10,900

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director General Manager, Corporate Planning Division	Koji Shimizu	August 5, 1974	<p>April 1997 Joined THE HACHIJUNI BANK, LTD.</p> <p>May 2009 Joined the Company</p> <p>April 2017 General Manager, Corporate Planning Division and Corporate Management Department, the Company</p> <p>April 2017 Director, MIMAKI ENGINEERING (TAIWAN) Co., Ltd. (current position)</p> <p>April 2017 Director, Shanghai Mimaki Trading Co., Ltd. (current position)</p> <p>June 2017 Director and General Manager, Corporate Planning Division and Corporate Management Department, the Company</p> <p>July 2017 Director and General Manager, Corporate Planning Division and Corporate Promotion Department, the Company</p> <p>June 2018 Director, MIMAKI INDIA PRIVATE LIMITED (current position)</p> <p>October 2018 Director and General Manager, Corporate Planning Division, the Company (current position)</p>	Note 2	4,200
Director Deputy General Manager, Management Division and General Manager, General Affairs Department	Nariaki Makino	December 12, 1960	<p>April 1983 Joined THE HACHIJUNI BANK, LTD.</p> <p>October 2015 Joined the Company and assumed the position of the Head of the Auditing Office</p> <p>April 2016 General Manager, General Affairs Department, Management Division, the Company</p> <p>April 2018 Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company</p> <p>June 2018 Director, Deputy General Manager, Management Division and General Manager, General Affairs Department, the Company (current position)</p>	Note 2	3,200
Director General Manager, Research and Development Division, Research and Development Department and SW Technical Department	Takeshi Kodaira	April 15, 1978	<p>April 1999 Joined the Company</p> <p>April 2016 General Manager, HW Technology Group, Technology Control Department, Research and Development Division, the Company</p> <p>September 2018 General Manager, Technology Control Department, Research and Development Division, the Company</p> <p>April 2019 General Manager, Research and Development Division, the Company</p> <p>August 2020 Director and General Manager, Research and Development Division, Research and Development Department, the Company</p> <p>May 2021 Director and General Manager, Research and Development Division, Research and Development Department and SW Technical Department, the Company</p>	Note 2	—

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member) (Full-time)	Yoh Zenno	April 1, 1958	<p>April 1980 Joined the Sanwa Bank, Limited (currently MUFG Bank, Ltd.)</p> <p>September 2010 President & CEO, MST Risk Consulting Co., Ltd.</p> <p>June 2016 Deputy President, Mitsubishi UFJ Capital Co., Ltd.</p> <p>June 2017 Full-time Outside Director, the Company</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	6,000
Director (Audit and Supervisory Committee Member)	Noriyuki Tanaka	November 27, 1948	<p>April 1967 Joined Matsushita Electric Industrial Co., Ltd. (currently Panasonic Corporation)</p> <p>October 1975 Representative Director and President, MIMAKI ENGINEERING (currently the Company)</p> <p>April 1989 Founded Mimaki Electronic Components Co., Ltd. and assumed the position of the Representative Director and President</p> <p>June 1997 Executive Chairman, the Company</p> <p>June 2004 Counselor for Director, the Company</p> <p>June 2007 Executive Chairman, Mimaki Electronic Components Co., Ltd. (current position)</p> <p>June 2019 Director (Audit and Supervisory Committee Member), the Company (current position)</p> <p>April 2021 Director, NES-ENG Co., Ltd. (current position)</p>	Note 3	2,031,600
Director (Audit and Supervisory Committee Member)	Makoto Tanaka	January 11, 1956	<p>April 1991 Joined TACT Consulting & Co.</p> <p>April 1994 Director, TACT Consulting & Co.</p> <p>December 2000 Auditor, Sanko Soflan Holdings Co., Ltd. (current position)</p> <p>August 2011 Representative Partner, eclat Consulting (current position)</p> <p>June 2014 Outside Director, the Company</p> <p>June 2019 Outside Director, ALPICO HOLDINGS Co., Ltd. (current position)</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	34,500
Director (Audit and Supervisory Committee Member)	Hisamitsu Arai	January 10, 1944	<p>July 1996 Commissioner, Japan Patent Office</p> <p>June 1998 Deputy Director-General, Ministry of International Trade and Industry</p> <p>April 2001 Chairman & CEO, Nippon Export and Investment Insurance</p> <p>March 2003 Secretary-General, Intellectual Property Strategy Headquarters, Cabinet Secretariat</p> <p>June 2007 President and CEO, Tokyo Small and Medium Business Investment & Consultation Co., Ltd.</p> <p>June 2016 Outside Director, the Company</p> <p>June 2019 Outside Director (Audit and Supervisory Committee Member), the Company (current position)</p>	Note 3	4,400

Official title or position	Name	Date of birth	Career summary	Term of office	Number of shares held (Shares)
Director (Audit and Supervisory Committee Member)	Seiko Minomo	May 9, 1971	April 1997 Admitted to the Bar in Japan April 1997 Joined Law Offices of Homma & Komatsu (currently Homma & Partners) (current position) June 2001 Admitted to the Bar in New York, U.S. November 2018 Outside Director, A-tie Co.,Ltd (current position) June 2019 Outside Director, the Company June 2021 Outside Director (Audit and Supervisory Committee Member), the Company (current position)	Note 3	400
Director	Shunsuke Numata	August 22, 1979	April 1999 Joined Nos Co., Ltd. (currently CREVA SYSTEMS Co., Ltd.) June 2001 Joined P&P Bureau Co., Ltd. June 2012 Joined Ernst & Young Co., Ltd. July 2013 Joined Industrial Growth Platform, Inc. October 2016 Partner, Managing Director (current position) and Chief, IGPI Manufacturing Solution Company, Industrial Growth Platform, Inc. October 2020 Executive Director, Japan Platform of Industrial Transformation, Inc. (current position) June 2021 Outside Director, the Company (current position)	Note 2	–
Total					2,220,100

- (Notes) 1. Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai, Ms. Seiko Minomo and Mr. Shunsuke Numata are Outside Directors.
2. Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within one year following their election of office.
3. Their term of office shall expire upon the conclusion of the annual general meeting of shareholders for the last fiscal year ending within two years following their election of office.

(ii) Information about Outside Directors (and other outside officers)

The Company has five Outside Directors. Outside Directors Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai and Ms. Seiko Minomo hold 6,000 shares, 34,500 shares, 4,400 shares and 400 shares of the Company, respectively. Except for these capital relationships, there are no personal, capital or transactional relationships, or other interests between the Outside Directors and the Company.

Mr. Yoh Zenno, Mr. Makoto Tanaka, Mr. Hisamitsu Arai and Ms. Seiko Minomo are Outside Directors who concurrently serve as Audit and Supervisory Committee Members. Mr. Yoh Zenno has a wealth of experience at financial institutions and a broad insight into corporate management. Mr. Makoto Tanaka is a certified tax accountant who has long been engaged in business consulting services from the perspectives of finance, tax affairs, the Companies Act and other fields. He is well versed in all aspects of business management practices. Mr. Hisamitsu Arai has held various senior positions including Commissioner of Japan Patent Office and Deputy Director-General, Ministry of International Trade and Industry. Accordingly, he has a wealth of experience and deep knowledge and insights that Outside Directors are required to have. Ms. Seiko Minomo is well versed in corporate legal affairs and risk management as a lawyer. In addition, Outside Director Mr. Shunsuke Numata has expertise insight into corporate strategies and management operations as well as a wealth of knowledge and experience as a management consultant.

In principle, Outside Directors attend monthly regular board meetings to participate in decision-making process. They provide advice and suggestions to ensure the validity and legality of such process. Outside Directors who are Audit and Supervisory Committee Members attend the board meetings, in addition to monthly meetings of the Audit and Supervisory Committee, to audit and supervise the Company's business conditions and management decisions.

The Company expects Outside Directors to perform a monitoring function from their standpoint that they have no potential conflict of interest with general shareholders.

The Company has established the Criteria for Independence of Outside Directors for the appointment of Outside Directors with reference to criteria provided by the Tokyo Stock Exchange. We seek to appoint individuals who are capable of having

an open, lively and constructive discussion from a viewpoint of general shareholders.

- (iii) Mutual cooperation of supervision or audit by Outside Directors with internal audit, audit by the Audit and Supervisory Committee and accounting audit, and relationship with the internal control divisions
- Outside Directors who are Audit and Supervisory Committee Members work in cooperation with the Auditing Office, an internal control division established under the direct supervision of the President. The Head of the Auditing Office makes reports to the full-time committee member based on a report on the Annual Internal Audit Plan and an Internal Audit Report prepared after each internal audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. Audit and Supervisory Committee Members also work in cooperation with Accounting Auditor. The Accounting Auditor makes reports to the full-time committee member based on a report on the Annual Audit Plan and a Report on Audit Implementation prepared after each accounting audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. In addition, quarterly meetings are held to share information among three parties, the Audit and Supervisory Committee, Accounting Auditor and the Auditing Office, so as to increase the quality and efficiency of audits while maintaining mutual cooperation.

(3) Information about audits

(i) Audits by the Audit and Supervisory Committee

a. Organization, members, and procedures of the Audits by the Audit and Supervisory Committee

An audit by the Audit and Supervisory Committee for the current fiscal year (from April 1, 2020 to March 31, 2021) is conducted by the Company's Audit and Supervisory Committee consisting of four Directors who are Audit and Supervisory Committee Members, including three Outside Directors. All Audit and Supervisory Committee Members attend meetings held by the Accounting Auditor to report on the Audit Plan Summary and briefings on the results of audits at fiscal year-end. The full-time committee member also performs witness audits as needed, especially for interim audits including internal controls. Additionally, the full-time Audit and Supervisory Committee Member is reported on an Internal Audit Plan and Internal Control Report and receives an Internal Audit Report from the Auditing Office each time an audit is performed. In coordination between internal audits and audits by the Audit and Supervisory Committee, on-site audits of domestic and overseas business locations are performed annually for large-scale locations and biennially for other sales locations from a different point of view. At the 46th Annual General Meeting of Shareholders held on June 30, 2021, the number of Outside Directors who are Audit and Supervisory Committee Members was increased by one to strengthen the corporate governance structure, and five Directors who are Audit and Supervisory Committee Members including four independent Outside Directors were elected. Full-time Audit and Supervisory Committee Member Mr. Yoh Zenno has a wealth of experience at financial institutions and a broad insight into corporate management. Meanwhile, Audit and Supervisory Committee Member Mr. Makoto Tanaka is a certified tax accountant and has extensive knowledge and insights into finance, tax affairs, the Companies Act and other fields.

b. Activities of the Audit and Supervisory Committee

In the current fiscal year, the Company held the Board of Directors meetings 12 times and Audit and Supervisory Committee meetings 14 times. The table below shows the attendance of each Audit and Supervisory Committee Member at the meetings.

Classification	Name	Attendance at the Board of Directors Meetings	Attendance at the Audit and Supervisory Committee Meetings
Full-time Audit and Supervisory Committee Member (Outside)	Yoh Zenno	12/12 (100%)	14/14 (100%)
Audit and Supervisory Committee Member	Noriyuki Tanaka	12/12 (100%)	14/14 (100%)
Audit and Supervisory Committee Member (Outside)	Makoto Tanaka	12/12 (100%)	14/14 (100%)
Audit and Supervisory Committee Member (Outside)	Hisamitsu Arai	12/12 (100%)	14/14 (100%)

Important audit matters discussed by the Audit and Supervisory Committee include:

Internal and external legal compliance, global response to risks and Group companies management, compliance framework, status of corporate governance, inventory management, monitoring of reduction of slow-moving inventory, scope of internal control assessment, initiatives for the “work-style reform” and personnel development, response to scandals, etc. (examination of recurrence prevention measures, etc.) and assessment of the adequacy of audits by the Accounting Auditor.

During the COVID-19 pandemic, activities focused on by the Audit and Supervisory Committee in the current fiscal year include:

- Holding online meetings via the Internet, conducting various researches through remote audits
- Performing monthly tracking on the progress of business structure improvement and cost structure improvement
- Monitoring the progress of the statutory audit of MIMAKI EUROPE B.V.
- Monitoring matters related to the change of the audit firm of MIMAKI EUROPE B.V.
- Summarizing the matters under discussion on the revised points in the Companies Act amended in March 2021
- Summarizing the matters under discussion on the Corporate Governance Code amended in June 2021
- Summarizing the matters under discussion on enhancement of narrative information in the Annual Securities Report related to application of “Key Audit Matters (KAM)” of the fiscal year ended March 31, 2021

Activities carried out by the full-time Audit and Supervisory Committee Member, in addition to those mentioned above, is as follows:

- Sharing information with the President (performed as necessary for each agenda)
- Sharing information with Outside Directors (monthly)
- Sharing and exchanging information with the Audit Office
- Attending at important meetings (such as Management Council, Q reviews, and strategy meetings)
- Meeting with the Accounting Auditor (monthly meetings and three-pillar audit meetings and etc., as necessary)
- Remote audits on domestic and overseas business locations

(ii) Information about internal audits

In the Company’s internal audits, the Audit Office, established under the direct supervision of the President, works in cooperation with the Audit and Supervisory Committee. The Head of the Auditing Office makes reports to the full-time Audit and Supervisory Committee Member based on a report on the Annual Internal Audit Plan and an Internal Audit Report prepared after each internal audit. The details of such reports are reported to the Audit and Supervisory Committee by its full-time member so that they can conduct efficient audits in a mutually complementary manner. In addition, quarterly meetings are held to share information among three parties, the Audit and Supervisory Committee, Accounting Auditor and the Auditing Office, so as to increase the quality and efficiency of audits while maintaining mutual cooperation. The Company’s Auditing Office has two staff members.

(iii) Information about Accounting Audits

- a. Name of audit firm
Deloitte Touche Tohmatsu LLC
- b. Years of continuous auditing
17 years
- c. Certified public accountants who executed the audit duties
Masahiko Mutsuda
Tatsuo Fujino
- d. Composition of assistants who supported audit duties
Four certified public accountants, five individuals who have passed the Certified Public Accountants Examination, etc. and other four individuals assisted duties of accounting audits of the Company. There is no special interest between the Company and Deloitte Touche Tohmatsu LLC (hereinafter “Deloitte”) or any of its engagement partners. Since the years of continuous auditing are seven years or less, this information is omitted.
- e. Policy and reason for appointing audit firm
In appointing an audit firm, we make decisions taking into account, among other thing, the firm’s audit experience, audit implementation system and audit fees. The Audit and Supervisory Committee determines the content of the

proposals relating to dismissal or non-reappointment of an Accounting Auditor to be submitted to a general meeting of shareholders, if deemed necessary, such as in cases where there is a problem with the Accounting Auditor's performance of duties, or where the Accounting Auditor is found to fall under any of the items of Article 340, paragraph (1) of the Companies Act.

Deloitte has been appointed by the Audit and Supervisory Committee as the current Accounting Auditor from the perspectives of various factors, including its audit quality control, independence, communication with our management team and Audit and Supervisory Committee Members, response to requested matters and established overseas network, with reference to explanatory materials on its audit system and details provided by Deloitte, including Reappointment as Accounting Auditor — Explanation of Audit Policy for the fiscal year ending March 31, 2022 and Report on Audit Quality. The committee also made the decision by comprehensively taking into account the firm's efforts such as addressing the "key audit matter (KAM)" requirement, for which mandatory adoption will begin in March 2021, throughout the year and communication with the management and the Audit and Supervisory Committee.

f. Evaluation of audit firm by the Audit and Supervisory Committee and its members

The Company's Audit and Supervisory Committee and its members evaluate an audit firm based on the previously mentioned appointment policy and resolve to dismiss or not to reappoint the firm as needed.

(iv) Details of audit fees and other matters

a. Audit fees paid to auditing certified public accountants, etc.

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)
Reporting company	42,000	5,010	39,600	–
Consolidated subsidiaries	–	–	–	–
Total	42,000	5,010	39,600	–

Non-audit services provided to the Company are advice and guidance on the adoption of new accounting standards for revenue recognition.

No fees have been paid by consolidated subsidiaries of the Company to auditing certified public accountants, etc.

b. Fees paid to organizations that belongs to the same network (Deloitte Touche Tohmatsu Limited) as auditing certified public accountants, etc. (excluding a.)

Classification	Previous fiscal year		Current fiscal year	
	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)	Fees for audit certification services (Thousands of yen)	Fees for non-audit services (Thousands of yen)
Reporting company	–	2,750	–	2,000
Consolidated subsidiaries	20,711	28,355	41,265	55,090
Total	20,711	31,105	41,265	57,090

Non-audit services include consultations on general tax affairs and transfer pricing, tax services such as tax filing service and payroll calculation.

c. Details of fees for other significant audit certification services

There is no related information.

d. Policy on determining audit fee

Audit fees paid by the Company to auditing certified public accountants, etc. are determined by the Board of Directors with the consent of the Audit and Supervisory Committee after consultations among relevant departments of the Company based on the cost estimate submitted by the auditing certified public accountants, etc.

- e. Reason for the Audit and Supervisory Committee's consent to fees for Accounting Auditor
The Audit and Supervisory Committee has decided to consent to the fees to be paid to the Accounting Auditor proposed by the Board of Directors in accordance with Article 399, paragraph (1) of the Companies Act. This is because it has performed necessary verification as to the appropriateness of matters such as the content of the Accounting Auditor's audit plan, the status of performance of duties by the Accounting Auditor and the basis for calculating the estimated fees for the Accounting Auditor.

(4) Remuneration for Directors (and other officers)

(i) Policy for determining the amounts and calculation method for remuneration for Directors (and other officers)

The Company established the policies for determining the amounts and calculation method for remuneration for Directors (and other officers) at the Board of Directors meeting held on February 12, 2021. The details are as follows:

a. Basic policies

The basic policies are set to the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter) of the Company at an appropriate level based on positions and responsibilities of each Director. Specifically, the remuneration comprises basic remuneration as fixed remuneration and performance-based remuneration etc. Additionally, stock-based remuneration, which is non-monetary remuneration is included in order to provide Directors with incentives for the continued improvement of corporate value. Payment of non-monetary remuneration shall be submitted to a General Meeting of Shareholders taking the performance of the Company, etc. into account, and shall be paid if the proposal of the remuneration is approved at the meeting, according to the conditions under which the approval is granted. Remuneration of non full-time Directors comprises only basic remuneration as fixed remuneration and performance-based remuneration etc.

b. Policy for determining the amount of remuneration, etc. of basic remuneration (monetary remuneration) for each individual

Basic remuneration of Directors of the Company shall be monthly fixed remuneration and determined at the Board of Directors meeting held after an Annual General Meeting of Shareholders. The determination shall be made considering levels of remuneration for each position using benchmarks, which are set by referencing remuneration of companies having similar business size to the Company or companies belonging to related industries or related business categories.

c. Policy for determining the amount of remuneration, etc. of performance-based remuneration, etc. for each individual
Performance-based remuneration, etc. shall be cash remuneration, which reflects key performance indicator (KPI) to raise awareness towards improvement of performance of each fiscal year. The KPI shall be consolidated profit before tax, and if the KPI published (actual figure) satisfies the target figure set at the beginning of each fiscal year, performance-based remuneration shall be paid as bonus at a certain time each year in an amount calculated with a formula according to the degree of achievement.

d. Policy for determining the amount of remuneration, etc. of non-monetary remuneration, etc. for each individual
Non-monetary remuneration, etc. shall be share acquisition rights as tax-qualified stock options, shall apply to full-time Directors (only executive directors), and shall be up to 10 million yen per annum (calculated based on the fair value of the share acquisition rights)

e. Policy for determining the ratio of the amount of monetary remuneration, performance-based remuneration, etc., or non-monetary remuneration, etc. of the total remuneration for each Director

Considering the level of top 500 listed companies in terms of market capitalization, the ratio of the performance-based remuneration, etc. of the total remuneration shall be targeted at 30% (provided that KPI is achieved 100%). Note that the performance-based remuneration, etc. mentioned above shall reflect the business results for the fiscal year ending March 31, 2026 (FY2025), the final year of the Company's new Medium-term Plan. The ratio of non-monetary remuneration, etc. of the total remuneration amount shall not be determined because whether non-monetary remuneration, etc. is paid or not, and the details of the payment have yet to be determined.

f. Matters concerning partial delegation of determination on details of remuneration, etc. for each Director

Of remuneration, etc. for each Director, determination of the following matters shall be delegated to Mr. Kazuaki Ikeda, President, pursuant to the resolution by the Board of Directors.

- Determination of the amount of performance-based remuneration, etc., for each individual
- Determination of when non-monetary remuneration is paid and the amount of non-monetary remuneration, etc., for each individual

The upper limit of remuneration for Directors (and other officers) has been resolved at the 44th Annual General Meeting of Shareholders held on June 27, 2019. The Company has set the remuneration amount for Directors (excluding Directors who are Audit and Supervisory Committee Members) to be up to 400 million yen per annum (of which the remuneration amount for Outside Directors is set with reference to the average remuneration level of other domestic companies). The current number of Directors (excluding Directors who are Audit and Supervisory Committee Members) is nine (of which two are Outside Directors). The Company has set the remuneration amount for Directors who are Audit and Supervisory Committee

Members to be up to 100 million yen per annum taking into account their duties and responsibilities. The current number of Directors who are Audit and Supervisory Committee Members is four.

- (ii) Total amount of remuneration by category of Directors (and other officers) and by type of remuneration as well as the number of eligible Directors (and other officers)

Categories of Directors (and other officers)	Total amount of remuneration (Thousands of yen)	Total amount by type of remuneration (Thousands of yen)				Number of eligible Directors (and other officers)
		Fixed remuneration	Performance- based remuneration	Retirement benefits	Of items left, non-monetary remuneration, etc.	
Directors (excluding Audit and Supervisory Committee Members and Outside Directors)	221,368	136,924	–	84,444	1,976	8
Directors (Audit and Supervisory Committee Members) (excluding Outside Directors)	7,140	7,140	–	–	–	1
Outside Directors (and other officers)	43,860	43,860	–	–	–	5

- (Notes) 1. The total amount of remuneration of Directors does not include the portion of employee salaries for Directors concurrently serving as employees.
2. The total amount of non-monetary remuneration, etc., for Directors (excluding Audit and Supervisory Committee Members and Outside Directors) consists of fixed remuneration of 1,976 thousand yen.

- (iii) Significant employee salaries for Directors (or other officers) concurrently serving as employees

There is no related information.

(5) Status of shareholding

- (i) Standards and approach to investment share classification

The Company classifies investment shares held for pure investment and shares held for purposes other than pure investment. Investment shares held only for the purpose of efficiency in short-term asset management are classified as investment shares held for pure investment, whereas other investment shares are classified as investment shares held for purposes other than pure investment.

- (ii) Investment shares held for purposes other than pure investment

- a. Shareholding policies, method of verification of reasonableness for shareholding and the Board of Directors' examination on appropriateness of shareholding of individual issues

The Company's shareholding policy is to engage in cross-shareholding of listed shares only when it is deemed by the Board of Directors that holding of such shares will contribute to the enhancement of the Group's corporate value over the medium- to long-term. To make such decisions, we take into account business relationships with investee companies in a comprehensive manner. As for cross-shareholding, matters about whether to continue to hold a particular issue are brought to the Board of Directors for discussion as needed. The Board of Directors considers the reduction of cross-shareholding when it is deemed not reasonable.

- b. Number of issues and carrying amount on balance sheet

	Number of issues (Issue)	Carrying amount on balance sheet (Thousands of yen)
Shares not listed	3	74,790
Shares other than those not listed	1	20,150

(Issues whose number of shares increased during the current fiscal year)

	Number of issues (Issue)	Total acquisition cost for increased shares (Thousands of yen)	Reason for increase in number of shares
Shares not listed	1	53,790	The Company carried out equity investment into Mixed Dimensions inc, a venture company for 3D printing services for U.S. game content, for collaboration with Mixed Dimensions inc for expansion into the Japanese and Asian markets.
Shares other than those not listed	-	-	-

(Issues whose number of shares decreased during the current fiscal year)

	Number of issues (Issue)	Total sale amount for decreased shares (Thousands of yen)
Shares not listed	-	-
Shares other than those not listed	-	-

- c. Information on the number of shares and carrying amount on balance sheet by issue of specified investment shares and shares subject to deemed shareholding

Specified investment shares

Issue	Current fiscal year		Previous fiscal year		Purpose of shareholding, quantitative effects of shareholding and reason for increase in number of shares	Whether issuing company holds the Company's shares
	Number of shares (Shares)	Carrying amount on balance sheet (Thousands of yen)	Number of shares (Shares)	Carrying amount on balance sheet (Thousands of yen)		
	THE HACHIJUNI BANK, LTD.	50,000	20,150	50,000		

V. Financial Information

1. Preparation of the consolidated financial statements and non-consolidated financial statements

- (1) The consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Order of the Ministry of Finance No. 28 of 1976).
- (2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Non-consolidated Financial Statements” (Order of the Ministry of Finance No. 59 of 1963) (hereinafter the “Regulation on Financial Statements, etc.”).
The Company is a company filing non-consolidated financial statements prepared in accordance with special provisions and prepares non-consolidated financial statements pursuant to Article 127 of the Regulation on Financial Statements, etc.

2. Note on independent audit

The consolidated and the non-consolidated financial statements for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021) were audited by Deloitte Touche Tohmatsu LLC, in accordance with Article 193-2, paragraph (1) of the Financial Instruments and Exchange Act.

3. Remarkable efforts to ensure fair presentation of consolidated financial statements, etc.

The Company is making special efforts to ensure the fair presentation of consolidated financial statements, etc. Specifically, the Company has become a member of the Financial Accounting Standards Foundation and participates in seminars and other programs sponsored by the Foundation in order to have an appropriate understanding about the contents of the accounting standards, etc., and establish a system so that the Company might be able to properly respond to the changes in the accounting standards, etc.

1. Consolidated financial statements, etc.

(1) Consolidated financial statements

(i) Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	11,134,570	10,839,746
Notes and accounts receivable - trade	9,476,875	7,746,264
Merchandise and finished goods	12,143,940	11,080,748
Work in process	1,402,066	1,871,152
Raw materials and supplies	4,494,144	4,967,614
Other	2,510,248	2,846,437
Allowance for doubtful accounts	(58,687)	(188,887)
Total current assets	41,103,159	39,163,076
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,547,417	8,641,461
Accumulated depreciation	(4,595,837)	(4,970,522)
Buildings and structures, net	*2 3,951,579	*2 3,670,939
Machinery, equipment and vehicles	1,854,159	1,967,046
Accumulated depreciation	(1,173,817)	(1,345,253)
Machinery, equipment and vehicles, net	680,341	621,793
Tools, furniture and fixtures	8,242,393	7,996,457
Accumulated depreciation	(6,630,901)	(6,797,052)
Tools, furniture and fixtures, net	1,611,492	1,199,405
Land	*2 3,275,034	*2 3,275,034
Leased assets	1,772,486	1,886,324
Accumulated depreciation	(1,372,019)	(1,455,533)
Leased assets, net	400,467	430,790
Construction in progress	238,938	90,771
Total property, plant and equipment	10,157,854	9,288,734
Intangible assets		
Goodwill	453,783	82,453
Other	786,949	409,249
Total intangible assets	1,240,732	491,702
Investments and other assets		
Investment securities	63,287	131,334
Long-term loans receivable	31,021	32,521
Deferred tax assets	845,210	999,448
Other	*1 1,251,934	*1 1,342,568
Allowance for doubtful accounts	(471,275)	(610,502)
Total investments and other assets	1,720,178	1,895,369
Total non-current assets	13,118,765	11,675,806
Total assets	54,221,924	50,838,883

(Thousands of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,524,748	4,322,168
Electronically recorded obligations - operating	3,746,579	5,449,924
Short-term borrowings	10,701,488	*2 4,125,700
Current portion of long-term borrowings	*2 5,276,116	*2 3,993,954
Lease obligations	111,477	197,432
Accounts payable - other	973,544	1,274,402
Income taxes payable	69,508	257,644
Provision for bonuses	740,274	884,655
Provision for product warranties	864,481	1,049,122
Other	3,137,840	3,414,047
Total current liabilities	29,146,058	24,969,051
Non-current liabilities		
Long-term borrowings	*2 8,066,340	*2 8,913,749
Lease obligations	313,351	249,070
Deferred tax liabilities	71,669	56,941
Retirement benefit liability	450,251	383,029
Asset retirement obligations	48,255	52,940
Other	92,661	650
Total non-current liabilities	9,042,530	9,656,381
Total liabilities	38,188,589	34,625,433
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus	4,617,040	4,617,040
Retained earnings	10,280,826	9,979,574
Treasury shares	(1,329,614)	(1,329,614)
Total shareholders' equity	17,925,708	17,624,456
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(5,481)	5,478
Foreign currency translation adjustment	(2,102,648)	(1,568,988)
Remeasurements of defined benefit plans	41,984	104,767
Total accumulated other comprehensive income	(2,066,145)	(1,458,742)
Share acquisition rights	26,892	34,250
Non-controlling interests	146,880	13,486
Total net assets	16,033,335	16,213,450
Total liabilities and net assets	54,221,924	50,838,883

(ii) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	55,557,698	48,722,930
Cost of sales	31,750,309	30,108,369
Gross profit	23,807,388	18,614,560
Selling, general and administrative expenses	*1, *2 22,453,871	*1, *2 19,124,372
Operating profit (loss)	1,353,517	(509,812)
Non-operating income		
Interest income	31,204	16,163
Dividend income	874	876
Insurance claim income	16,533	3,664
Rental income	28,300	15,801
Purchase discounts	22,198	7,525
Subsidy income	36,622	889,959
Gain on sale of businesses	–	121,091
Share of profit of entities accounted for using equity method	–	23,612
Other	138,491	73,834
Total non-operating income	274,224	1,152,528
Non-operating expenses		
Interest expenses	255,895	167,754
Sales discounts	82,350	81,922
Foreign exchange losses	200,576	8,448
Share of loss of entities accounted for using equity method	77,608	–
Other	64,674	18,209
Total non-operating expenses	681,104	276,335
Ordinary profit	946,636	366,381
Extraordinary income		
Gain on sale of non-current assets	*3 20,485	*3 55,492
Other	2,428	1,190
Total extraordinary income	22,913	56,682
Extraordinary losses		
Loss on sale of non-current assets	*4 2,934	*4 4,844
Impairment losses	*5 903,465	*5 642,456
Loss on disposal of non-current assets	–	47,563
Other	5,373	–
Total extraordinary losses	911,773	694,864
Profit (loss) before income taxes	57,777	(271,801)
Income taxes - current	199,840	324,330
Income taxes - deferred	652,258	(155,309)
Total income taxes	852,099	169,021
Loss	(794,322)	(440,822)
Loss attributable to non-controlling interests	(16,360)	(139,571)
Loss attributable to owners of parent	(777,962)	(301,251)

(Consolidated statements of comprehensive income)

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Loss	(794,322)	(440,822)
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,459)	10,959
Foreign currency translation adjustment	(1,070,264)	542,983
Remeasurements of defined benefit plans, net of tax	11,366	62,783
Share of other comprehensive income of entities accounted for using equity method	29,872	(3,146)
Total other comprehensive income	* (1,035,484)	* 613,580
Comprehensive income	(1,829,806)	172,757
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,806,822)	306,151
Comprehensive income attributable to non-controlling interests	(22,984)	(133,393)

(iii) Consolidated statements of changes in equity
Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,617,040	11,509,976	(618,501)	19,865,971
Changes during period					
Dividends of surplus			(451,188)		(451,188)
Loss attributable to owners of parent			(777,962)		(777,962)
Purchase of treasury shares				(711,113)	(711,113)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(1,229,150)	(711,113)	(1,940,263)
Balance at end of period	4,357,456	4,617,040	10,280,826	(1,329,614)	17,925,708

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	977	(1,068,880)	30,617	(1,037,285)	12,088	169,864	19,010,639
Changes during period							
Dividends of surplus							(451,188)
Loss attributable to owners of parent							(777,962)
Purchase of treasury shares							(711,113)
Net changes in items other than shareholders' equity	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(1,037,040)
Total changes during period	(6,459)	(1,033,768)	11,366	(1,028,860)	14,804	(22,984)	(2,977,303)
Balance at end of period	(5,481)	(2,102,648)	41,984	(2,066,145)	26,892	146,880	16,033,335

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,357,456	4,617,040	10,280,826	(1,329,614)	17,925,708
Changes during period					
Loss attributable to owners of parent			(301,251)		(301,251)
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(301,251)	-	(301,251)
Balance at end of period	4,357,456	4,617,040	9,979,574	(1,329,614)	17,624,456

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	(5,481)	(2,102,648)	41,984	(2,066,145)	26,892	146,880	16,033,335
Changes during period							
Loss attributable to owners of parent							(301,251)
Net changes in items other than shareholders' equity	10,959	533,660	62,783	607,402	7,357	(133,393)	481,366
Total changes during period	10,959	533,660	62,783	607,402	7,357	(133,393)	180,114
Balance at end of period	5,478	(1,568,988)	104,767	(1,458,742)	34,250	13,486	16,213,450

(iv) Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	57,777	(271,801)
Depreciation	1,756,585	1,577,890
Impairment losses	903,465	642,456
Amortization of goodwill	262,359	111,993
Increase (decrease) in allowance for doubtful accounts	84,737	259,958
Increase (decrease) in provision for bonuses	(138,404)	140,077
Increase (decrease) in provision for bonuses for directors (and other officers)	(40,673)	–
Increase (decrease) in provision for product warranties	(138,975)	180,592
Increase (decrease) in retirement benefit liability	13,774	22,757
Interest and dividend income	(32,078)	(17,039)
Insurance claim income	(16,533)	(3,664)
Interest expenses	255,895	167,754
Subsidy income	(36,622)	(889,959)
Gain on sale of businesses	–	*2 (121,091)
Share of loss (profit) of entities accounted for using equity method	77,608	(23,612)
Foreign exchange losses (gains)	387,604	(173,259)
Loss (gain) on sale of non-current assets	(17,550)	(50,647)
Decrease (increase) in trade receivables	542,203	2,062,120
Decrease (increase) in inventories	(749,718)	246,564
Increase (decrease) in trade payables	(1,035,481)	2,295,562
Decrease (increase) in consumption taxes refund receivable	(5,243)	(321,106)
Increase (decrease) in accounts payable - other	(407,741)	189,891
Other, net	(62,763)	(22,434)
Subtotal	1,660,225	6,003,003
Interest and dividends received	25,941	25,115
Proceeds from insurance income	16,533	3,664
Interest paid	(255,650)	(169,605)
Subsidies received	36,622	886,025
Income taxes paid	(750,499)	(288,975)
Income taxes refund	90,128	174,928
Net cash provided by (used in) operating activities	823,299	6,634,156
Cash flows from investing activities		
Payments into time deposits	–	(7,103)
Proceeds from withdrawal of time deposits	485,189	–
Purchase of property, plant and equipment	(1,040,904)	(434,247)
Proceeds from sale of property, plant and equipment	163,751	99,151
Purchase of intangible assets	(101,757)	(18,713)
Purchase of investment securities	–	(54,535)
Proceeds from sale of businesses	–	334,090
Other, net	125,571	97,303
Net cash provided by (used in) investing activities	(368,149)	15,944

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(281,956)	(6,721,626)
Proceeds from long-term borrowings	3,902,500	5,541,200
Repayments of long-term borrowings	(2,740,283)	(5,998,353)
Purchase of treasury shares	(711,113)	–
Repayments of lease obligations	(149,794)	(135,215)
Dividends paid	(451,050)	(1,665)
Net cash provided by (used in) financing activities	(431,697)	(7,315,659)
Effect of exchange rate change on cash and cash equivalents	(386,564)	360,271
Net increase (decrease) in cash and cash equivalents	(363,112)	(305,287)
Cash and cash equivalents at beginning of period	11,351,960	10,988,848
Cash and cash equivalents at end of period	*1 10,988,848	*1 10,683,560

[Notes]

(Significant matters forming the basis of preparing the consolidated financial statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 23

Names of consolidated subsidiaries

MIMAKI USA, INC.
MIMAKI EUROPE B.V.
MIMAKI ENGINEERING (TAIWAN) Co., Ltd.
MIMAKI PRECISION Co., Ltd.
GRAPHIC CREATION Co., Ltd.
MIMAKI IJ TECHNOLOGY CO., Ltd.
Mimaki Deutschland GmbH
Shanghai Mimaki Trading Co., Ltd.
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA
MIMAKI PINGHU TRADING CO., LTD.
PT. MIMAKI INDONESIA
MIMAKI AUSTRALIA PTY LTD
MIMAKI SINGAPORE PTE. LTD.
MIMAKI INDIA PRIVATE LIMITED
MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI
Mimaki La Meccanica S.p.A
Mimaki Lithuania, UAB
Mimaki Bompan Textile S.r.l
ALPHA DESIGN CO., LTD.
ALPHA SYSTEMS CO., LTD.
Tonami Corporation Ltd.
LUCK'A Inc.
MIMAKI (THAILAND) CO., LTD.

(2) Number of non-consolidated subsidiaries: 3

Names of major unconsolidated subsidiaries

MIMAKI KANPHOR INDIA PRIVATE LIMITED

The unconsolidated subsidiaries are all small in size, and each company's total assets, net sales, profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of consolidation.

2. Application of equity method

(1) Number of entities accounted for using the equity method: 1

Names of entities accounted for using the equity method

MIMAKI KANPHOR INDIA PRIVATE LIMITED

(2) Number of unconsolidated subsidiaries not accounted for using the equity method: 2

Names of unconsolidated subsidiaries not accounted for using the equity method

Dalian Alpha Design Co., Ltd.

Alpha Automation Technology (Shenzhen) Co., Ltd.

The unconsolidated subsidiaries not accounted for using the equity method are all small in size, and each company's profit or loss (amount corresponding to the equity interest), retained earnings (amount corresponding to the equity interest) and others do not have a material impact on the consolidated financial statements, therefore, such subsidiaries are excluded from the scope of application of equity method.

3. Fiscal years of consolidated subsidiaries

The fiscal year end date of the following consolidated subsidiaries is December 31: MIMAKI IJ TECHNOLOGY CO., Ltd., Mimaki Deutschland GmbH, Shanghai Mimaki Trading Co., Ltd., MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA, MIMAKI PINGHU TRADING CO., LTD., PT. MIMAKI INDONESIA, MIMAKI EURASIA DIJITAL BASKI TEKNOLOJILERI PAZARLAMA VE TICARET LIMITED SIRKETI, Mimaki La Meccanica S.p.A, Mimaki Lithuania, UAB, Mimaki Bompan Textile S.r.l, and MIMAKI (THAILAND) CO., LTD.

For the above-mentioned companies, provisional financial results as of the consolidated balance sheet date are used in the preparation of the consolidated financial statements. The fiscal year end date of consolidated subsidiaries other than the above-mentioned companies is the same as the consolidated balance sheet date.

4. Accounting policies

(1) Valuation bases and methods for significant assets

(a) Securities

Other securities

Securities with available fair market values

Stated at fair value based on the market price or the like on the consolidated balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying consolidated balance sheets.

Securities without available fair market values

Stated at cost using the moving-average method.

(b) Derivatives

Stated at fair value.

(c) Inventories

Finished goods, work in process and raw materials

Stated at cost using the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

Supplies

Stated using the last cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

(2) Depreciation and amortization methods for significant depreciable and amortizable assets

(a) Property, plant and equipment (excluding leased assets)

The Company and its domestic consolidated subsidiaries adopt the declining-balance method; foreign consolidated subsidiaries adopt the straight-line method. However, the Company and its domestic consolidated subsidiaries adopt the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 and thereafter, and facilities attached to buildings and structures acquired on April 1, 2016 and thereafter.

The estimated useful lives of major items are as follows:

Buildings and structures: 15 to 31 years

(b) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

However, software for sale is amortized at the larger amount of either an amortizable amount based on the estimated sales volume during an estimated marketable life (within 3 years) or an amortizable amount based on the straight-line method over the remaining valid sales period.

In addition, software for internal use is amortized using the straight-line method over its useful life as internally determined (3 to 5 years).

(c) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

(3) Accounting policy for significant allowance and provisions

(a) Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

(b) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(c) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(d) Provision for product warranties

To prepare for after-sales repair costs, the total amount of individually estimated free repair cost and historical experience-based estimated amount is recorded.

(4) Accounting methods for retirement benefits

(a) Method of attributing expected retirement benefits to periods

In calculating retirement benefit obligations, the benefit formula basis is used as the method for attributing the expected retirement benefits to the periods until the end of the current fiscal year. In addition, some foreign consolidated subsidiaries apply a simplified method for the calculations of retirement benefit liabilities and retirement benefit expenses. The method assumes their retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

(b) Method of amortization of actuarial gains and losses and prior service costs

Prior service cost is amortized at once as incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method in equally allocated amounts over a fixed number of years (five years) set within the average remaining service period of employees as occurred, starting in the respective fiscal years following each occurrence.

(5) Translation of significant foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the consolidated statements of income. For foreign subsidiaries, etc., assets and liabilities are translated into Japanese yen at the spot exchange rates in effect as of the consolidated balance sheet date, and income and expenses are translated into Japanese yen at the average exchange rates during the period. Differences arising from the translation are included in foreign currency translation adjustment under net assets.

(6) Significant hedge accounting

(a) Hedge accounting

In principle, deferred hedge accounting is applied for derivative instruments. Integrated accounting (designation and exceptional accounting) is applied to interest rate and currency swaps that qualify for the integrated accounting.

(b) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Trade receivables denominated in foreign currencies and forecast transactions denominated in foreign currencies

b. Hedging instruments: Interest rate and currency swaps

Hedged items: Borrowings denominated in foreign currencies

(c) Hedging policy

In accordance with internal rules that stipulate derivative transaction-related authority levels and transaction amount limits, hedging activities are undertaken within specified limits to hedge fluctuation risks of foreign exchange rates and interest rates to the hedged items.

(d) Assessing hedge effectiveness

The effectiveness is assessed by confirming a high correlation between the cumulative total of the market fluctuations or the cash flow fluctuations for a hedged item and the cumulative total of the market fluctuations or the cash flow fluctuations for a hedging instrument. However, assessing the hedge effectiveness is omitted for interest rate and currency swaps through the integrated accounting (designation and exceptional accounting).

(7) Method and period for amortization of goodwill

Goodwill is amortized using the straight-line method over an estimated period of 20 years or less during which its effect is realized.

(8) Scope of cash and cash equivalents in consolidated statements of cash flows

Cash and cash equivalents consist of cash on hand, demand deposits and short-term highly liquid investments with a maturity of three months or less when purchased which can easily be converted to cash and are subject to little risk of change in price.

(9) Other significant information for preparation of consolidated financial statements

(a) Accounting for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(Significant accounting estimates)

(1) Valuation of merchandise and finished goods

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Merchandise and finished goods	11,080,748 thousand yen
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(ii) Information contributing to understanding of accounting estimates

Merchandise and finished goods are measured at their acquisition cost. However, if the estimated net selling value at the end of the fiscal year is less than the acquisition cost, they are measured at the net selling value. In that case, in principle, the difference

between the net sales value and the acquisition cost is recognized as cost of sales. The net selling value of the inventories that are no longer part of an operating cycle and accumulated is estimated by reflecting future demand and market trends.

The net selling value for each item is estimated by the management based on the latest sales results, etc. of each product type. If the market environment deteriorates more than anticipated and the net selling value drops significantly, a loss may occur.

(2) Impairment of non-current assets

(i) Amount recorded in the consolidated financial statements for the current fiscal year

The carrying amount in the consolidated balance sheets of property, plant and equipment and intangible assets under asset groups with an indication of impairment

(a) Mimaki Lithuania, UAB	155,554 thousand yen
(b) MIMAKI (THAILAND) CO., LTD.	25,053 thousand yen

(a) Mimaki Lithuania, UAB

With regard to this asset group, a loss was continually posted from the operating activities for the current fiscal year, and an indication of impairment was identified. The Company, therefore, wrote down the carrying amount to the recoverable amount after testing the recoverability and measuring the amount of the impairment loss, and recognized an impairment loss of 269,396 thousand yen.

The recoverable amount is measured based on the value in use and calculated by discounting future cash flows at 11.45%.

Future cash flows are estimated based on the assumption that the level of demand, which started to recover in the second half of the current fiscal year, continues for the following fiscal year. If the estimation needs to be reviewed, an impairment loss may be additionally recognized for the following fiscal year.

(b) MIMAKI (THAILAND) CO., LTD.

With regard to this asset group, a loss was continually posted from the operating activities for the current fiscal year, and an indication of impairment was identified. The Company, therefore, determined whether to recognize an impairment loss. As a result, recognition of an impairment loss was not made because undiscounted future cash flows exceeded the carrying amount. Undiscounted future cash flows are estimated based on the assumption that the level of demand, which started to recover in the second half of the current fiscal year, continues for the following fiscal year. If the estimation needs to be reviewed, an impairment loss may be recognized for the following fiscal year.

(3) Recoverability of Deferred Tax Assets

(i) Amount recorded in the consolidated financial statements for the current fiscal year

Deferred tax assets	999,448 thousand yen
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(ii) Information contributing to understanding of the accounting estimates

The Company has recognized significant deferred tax assets for deductible temporary differences.

Determination of recoverability of deferred tax assets is made by scheduling the recovery of deductible temporary differences based on the estimated amount of taxable income before adjusting temporary differences. Future taxable income is estimated based on the assumption that the level of demand, which started to recover in the second half of the current fiscal year, continues for the following fiscal year. If the estimation needs to be reviewed, deferred tax assets that are unlikely to be recovered may be reversed for the following fiscal year.

(New accounting standards, etc. not yet applied)

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, March 26, 2021, Accounting Standards Board of Japan)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

They are comprehensive accounting standard and guidances for revenue recognition. Revenue is recognized by taking the following five steps:

- Step 1: Identify the contract with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations.

Step 5: Recognize revenue when or as performance obligations are satisfied.

(2) Scheduled date of application

The Company expects to apply these standard and implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the accounting standard

The impact of the application of the “Accounting Standard for Revenue Recognition” on the consolidated financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement ” (ASBJ Statement No. 30, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9, July 4, 2019, Accounting Standards Board of Japan)
- “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019, Accounting Standards Board of Japan)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019), Accounting Standards Board of Japan)
- “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020, Accounting Standards Board of Japan)

(1) Overview

In light of the situation in which the International Accounting Standards Board (IASB) and the U.S. Financial Accounting Standards Board (FASB) have established detailed guidance on fair value measurement with almost the same content (IFRS 13 “Fair Value Measurement” in International Financial Reporting Standards (IFRS), and Accounting Standards Codification Topic 820 “Fair Value Measurement” in the US GAAP), the Accounting Standards Board of Japan (ASBJ) worked to ensure consistency of the Japanese GAAP with international accounting standards mainly for guidance and disclosures on fair value of financial instruments and issued the “Accounting Standard for Fair Value Measurement,” etc.

The ASBJ’s basic policy for the development of the accounting standard for fair value measurement is to incorporate, in principle, all the provisions of IFRS 13 from the perspective of increasing comparability of financial statements among companies in Japan and overseas by using the unified measurement method, and to establish other treatments of individual items to the extent that consideration is given to practices that have been conducted to date in Japan and comparability among financial statements is not impaired largely.

(2) Scheduled date of application

The Company expects to apply these standard and implementation guidances from the beginning of the fiscal year ending March 31, 2022.

(3) Effects of application of the accounting standard

The impact of the application of the “Accounting Standard for Fair Value Measurement,” etc. on the consolidated financial statements is not yet determined.

(Changes in presentation)

(Consolidated statements of income)

“Insurance return” in “Non-operating income,” presented separately for the previous fiscal year, is included in “Other” for the current fiscal year because the amount is no longer greater than 10% of the total amount of non-operating income. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 95,122 thousand yen and 43,368 thousand yen presented as “Insurance return” and “Other” respectively, in “Non-operating income” in the consolidated statements of income for the previous fiscal year have been reclassified as “Other” of 138,491 thousand yen.

(Consolidated statements of cash flows)

“Subsidy income,” included in “Profit before income taxes” in “Cash flows from operating activities” for the previous fiscal year, is separately presented for the current fiscal year because its monetary significance increased.

Accordingly, “Proceeds from subsidy income” is separately presented in the “Subtotal” column in “Cash flows from operating

activities.” The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 1,696,847 thousand yen presented as “Subtotal” under “Cash flows from operating activities” in the consolidated statements of cash flows for the previous fiscal year has been reclassified as “Subsidy income” of negative 36,622 thousand yen, “Proceeds from subsidy income” of 36,622 thousand yen and “Subtotal” of 1,660,225 thousand yen.

(Implementation of “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), and it has applied to the year-end consolidated financial statements from the current fiscal year. Accordingly, notes on significant accounting estimates are disclosed in the consolidated financial statements.

With regard to the notes, however, information concerning the previous fiscal year is not disclosed in accordance with the transitional treatment set forth in the proviso of Paragraph 11 of the said accounting standard.

(Additional information)

(Accounting estimates associated with the impact of the spread of COVID-19)

The Group recognizes accounting estimates such as impairment loss on non-current assets and recoverability of deferred tax assets, etc. based on information available at the time of preparing the consolidated financial statements. The Group makes accounting estimates based on the assumption that COVID-19 will continue to impact its businesses over a certain period of time in the fiscal year ending March 31, 2022 although the impact and the extent of impact differ depending on the business.

(Consolidated balance sheets)

*1 Accounts related to unconsolidated subsidiaries and associates are as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
“Other” under investments and other assets	15,000 thousand yen	15,000 thousand yen

*2 Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral are as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Buildings and structures	2,348,158 thousand yen	2,210,309 thousand yen
Land	715,779	715,779
Total	3,063,938	2,926,088

Liabilities secured by the collateral are as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Short-term borrowings	- thousand yen	50,000 thousand yen
Current portion of long-term borrowings	232,600	40,800
Long-term borrowings	1,617,400	1,576,600
Total	1,850,000	1,667,400

3 Contingent liabilities

Tax authorities in Brazil carried out a tax audit on MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA (hereinafter “MIMAKI BRASIL”), a consolidated subsidiary of the Company, for the import of the Company’s inkjet printers, and MIMAKI BRASIL received two back tax notifications totaling 84,920 thousand BRL (96,652 thousand BRL including interest on late payments).

MIMAKI BRASIL was dissatisfied with the tax audit findings and filed a tax suit in court against the tax authorities in December 2019 for the back tax notification received in September 2018 of 44,494 thousand BRL (52,629 thousand BRL including interest on late payment). MIMAKI BRASIL also filed a complaint against the tax authorities in December 2018 for the back tax notification received in November 2018 of 40,425 thousand BRL (44,023 thousand BRL including interest on late payment).

MIMAKI BRASIL will appropriately deal with these cases based on its belief that there is no basis for these back taxes. Therefore, it is difficult for the Group to estimate the impact of the cases on its business performance at this moment.

(Consolidated statements of income)

*1 Major expense items and amounts included in selling, general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Provision of allowance for doubtful accounts	90,659 thousand yen	199,643 thousand yen
Provision for product warranties	785,300	928,618
Salaries and allowances	6,476,823	5,856,409
Provision for bonuses	423,597	506,529
Retirement benefit expenses	153,687	148,204
Research and development expenses	2,479,678	1,953,650

*2 Research and development expenses included in general and administrative expenses are as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Research and development expenses	2,479,678 thousand yen	1,953,650 thousand yen

*3 Gain on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Machinery, equipment and vehicles	1,620 thousand yen	2,064 thousand yen
Tools, furniture and fixtures	18,864	53,159
Leased assets	-	268
Total	20,485	55,492

*4 Loss on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Buildings and structures	181 thousand yen	- thousand yen
Machinery, equipment and vehicles	-	126
Tools, furniture and fixtures	2,752	4,718
Total	2,934	4,844

*5. Impairment loss

Previous fiscal year (From April 1, 2019 to March 31, 2020)

The Company recognized an impairment loss on the following asset group for the current fiscal year:

Location	Purpose	Type	Amount (Thousands of yen)
Mimaki La Meccanica S.p.A (Italy)	Machinery, equipment and production facilities	Machinery, equipment and vehicles	29,313 thousand yen
		Tools, furniture and fixtures	3,349
		Goodwill	869,853
		Intangible assets (other)	948
Total			903,465

As a general rule, the Group treats the Company and each of its consolidated subsidiaries as the smallest group of assets that generates cash flows. Mimaki La Meccanica S.p.A is unlikely to earn revenue as initially projected in the current fiscal year. The Company, therefore, wrote down the carrying amount to the recoverable amount and recorded the decrease as impairment loss (903,465 thousand yen) under extraordinary losses. The recoverable amount of the asset group is measured and determined using the value in use, which is in this case assessed as zero because future cash flows are negative.

Current fiscal year (From April 1, 2020 to March 31, 2021)

The Company recognized an impairment loss on the following asset group for the current fiscal year:

Location	Purpose	Type	Amount (Thousands of yen)
Mimaki Lithuania, UAB (Lithuania)	Business-use assets	Goodwill	269,396
Mimaki Bompan Textile S. r. l (Italy)	Business-use assets	Buildings and structures	31,083
		Machinery, equipment and vehicles	1,964
		Tools, furniture and fixtures	39,103
		Intangible assets (other)	138,322
MIMAKI INDIA PRIVATE LIMITED (India)	Business-use assets	Buildings and structures	30,966
		Tools, furniture and fixtures	28,614
		Intangible assets (other)	285
8 other consolidated companies	Idle assets	Machinery, equipment and vehicles	6,527
		Tools, furniture and fixtures	18,241
		Construction in progress	61,239
		Intangible assets (other)	16,711
Total			642,456

As a general rule, the Group treats the Company and each of its consolidated subsidiaries as the smallest group of assets that generates cash flows. Idle assets are grouped by individual asset. Those assets above are unlikely to earn revenue as initially projected in the current fiscal year. The Company, therefore, wrote down the carrying amount to the recoverable amount and recorded the decrease as impairment loss (642,456 thousand yen) under extraordinary losses.

The recoverable amount of the asset groups is measured and determined using the value in use. The recoverable amount of Mimaki Lithuania, UAB (Lithuania) is calculated by discounting future cash flows at 11.45%. The value in use of the other asset groups is assessed as zero because future cash flows are negative.

(Consolidated statements of comprehensive income)

* Reclassification adjustments and tax effects relating to other comprehensive income

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Valuation difference on available-for-sale securities:		
Amount arising during the year	(6,459) thousand yen	13,511 thousand yen
Before tax effects adjustments	(6,459)	13,511
Tax effects	-	(2,551)
Valuation difference on available-for-sale securities	(6,459)	10,959
Foreign currency translation adjustment:		
Amount arising during the year	(1,070,264)	542,983
Remeasurements of defined benefit plans, net of tax:		
Amount arising during the year	29,752	103,146
Reclassification adjustments	(13,542)	(13,167)
Before tax effects adjustments	16,210	89,979
Tax effects	(4,843)	(27,196)
Remeasurements of defined benefit plans, net of tax	11,366	62,783
Share of other comprehensive income of entities accounted for using equity method:		
Amount arising during the year	29,872	(3,146)
Total other comprehensive income	(1,035,484)	613,580

(Consolidated statements of changes in equity)

Previous fiscal year (From April 1, 2019 to March 31, 2020)

1. Type and total number of issued shares and type and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	-	-	32,040,000
Total	32,040,000	-	-	32,040,000
Treasury shares				
Common shares (Note)	1,375,767	1,170,000	-	2,545,767
Total	1,375,767	1,170,000	-	2,545,767

Note: The increase of 1,170,000 shares in the number of common treasury shares is due to the acquisition of treasury shares by resolution of the Board of Directors.

2. Share acquisition rights

Company name	Breakdown of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of the fiscal year (Thousands of yen)
			As of April 1, 2020	Increase	Decrease	As of March 31, 2021	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	-	-	-	-	26,892
Total			-	-	-	-	26,892

3. Dividends

(1) Dividend payment

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 27, 2019	Common shares	229,981	7.5	March 31, 2019	June 28, 2019
Board of Directors Meeting held on October 25, 2019	Common shares	221,206	7.5	September 30, 2019	December 5, 2019

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

There is no related information.

Current fiscal year (From April 1, 2020 to March 31, 2021)

1. Type and total number of issued shares and type and number of treasury shares

	Number of shares at beginning of the fiscal year (Shares)	Increase (Shares)	Decrease (Shares)	Number of shares at end of the fiscal year (Shares)
Issued shares				
Common shares	32,040,000	-	-	32,040,000
Total	32,040,000	-	-	32,040,000
Treasury shares				
Common stock	2,545,767	-	-	2,545,767
Total	2,545,767	-	-	2,545,767

2. Share acquisition rights

Company name	Breakdown of share acquisition rights	Type of shares to be issued upon exercise of share acquisition rights	Number of shares to be issued upon exercise of share acquisition rights (Shares)				Balance at end of the fiscal year (Thousands of yen)
			As of April 1, 2020	Increase	Decrease	As of March 31, 2021	
Reporting company (Parent company)	Share acquisition rights as stock options	Common shares	-	-	-	-	34,250
Total			-	-	-	-	34,250

3. Dividends

(1) Dividend payment

There is no related information.

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

(Resolution)	Type of shares	Total amount of dividends (Thousands of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors Meeting held on April 27, 2021	Common shares	221,206	7.5	March 31, 2021	June 16, 2021

(Consolidated statements of cash flows)

*1. Reconciliation of cash and cash equivalents at end of year and the amount recorded in the consolidated balance sheets

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cash and deposits	11,134,570 thousand yen	10,839,746 thousand yen
Time deposits with maturities of more than three months	(145,722)	(156,186)
Cash and cash equivalents	10,988,848	10,683,560

*2. Major breakdown of assets and liabilities related to transfer of business carried out in consideration for cash and cash equivalents

Previous fiscal year (From April 1, 2019 to March 31, 2020)

There is no related information.

Current fiscal year (From April 1, 2020 to March 31, 2021)

The following shows the breakdown of assets and liabilities decreased related to the transfer of the business for sFAB-α and AMR-III, which were included in the business of PCB component mounting equipment of ALPHA DESIGN CO., LTD., and the price of transfer of businesses and proceeds from transfer of businesses.

Current assets	205,042 thousand yen
Non-current assets	7,956
Gain on transfer of business	121,091
Price for transfer of business	334,090
Cash and cash equivalents	-
Net: Proceeds from transfer of business	334,090

3. Description of significant non-cash transactions

Amounts of assets and obligations related to finance lease transactions

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Amount of assets related to finance lease transactions	138,591 thousand yen	176,689 thousand yen
Amount of obligations related to finance lease transactions	140,156	134,642

(Lease transactions)

1. Finance lease transactions (accounting by lessee)

Finance lease transactions in which ownership is not transferred

(i) Details of leased assets

Property, plant and equipment

Mainly machinery and equipment in business activities

(ii) Depreciation method of leased assets

Depreciation method of leased assets is described in “4. Accounting policies (2) Depreciation and amortization methods for significant depreciable and amortizable assets” in “Significant matters forming the basis of preparing the consolidated financial statements.”

2. Operating lease transactions

Future lease payments for non-cancelable operating lease transactions

(Thousands of yen)

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Within 1 year	327,932	384,914
Over 1 year	1,092,603	874,301
Total	1,420,536	1,259,215

(Financial instruments)

1. Status of financial instruments

(1) Policy for handling financial instruments

The Group obtains required funds (mainly through bank borrowings) according to its capital investment plan. The Group also obtains short-term working capital through bank borrowings. We use derivative instruments to hedge the risks to be described later, and do not enter into any speculative transactions.

(2) Details and risks of financial instruments

Notes and accounts receivable - trade, which are trade receivables, are exposed to credit risks of customers. Trade receivables denominated in foreign currencies incurred in overseas business operations are also exposed to exchange rate fluctuation risk, but forward foreign exchange contracts and others are used to hedge such risk except those within the balance of accounts payable - trade denominated in the same foreign currencies.

Investment securities are primarily shares in companies with which the Group has business relationship, and are exposed to market price fluctuation risk.

Notes and accounts payable – trade and electronically recorded obligations - operating, which are trade payables, are mostly due within four months. Some of trade payables are denominated in foreign currencies and they are subject to risks associated with fluctuations in foreign exchange rates.

Borrowings are mainly for the purpose of financing for capital investment, and the repayment date is up to ten years from the balance sheet date. Some of borrowings are exposed to interest rate fluctuation risk, but interest rate and currency swaps are used to minimize the risks of fluctuations in interest rate on borrowings and principal.

Derivative transactions are used to hedge exchange rate fluctuation risk of accounts receivable - trade denominated in foreign currencies and to secure stable profits. Forward foreign exchange contracts and the like are subject to risks associated with fluctuations in foreign exchange rates. As to hedging instruments, hedged items, hedging policy and assessing hedge effectiveness relating to hedge accounting, please refer to “4. Accounting policies (6) Significant hedge accounting” in “Significant matters forming the basis of preparing the consolidated financial statements,” as aforementioned.

(3) Risk management system for financial instruments

(i) Management of credit risk (risk associated with insolvency of trading partners)

The Company adheres to its credit management rules for trade receivables and has each sales division regularly monitor the status of major trading partners and manage due dates and balances by trading partner while striving to detect early and mitigate any concerns about debt collection resulting from the deterioration of their financial positions and other factors. The Company also manages the credit status of its consolidated subsidiaries in the same way in accordance with its credit management rules.

We believe that the credit risk of derivative transactions is immaterial because these transactions are entered into only with financial institutions with high credit ratings.

(ii) Management of market risk (foreign exchange and interest rate risks)

Trade receivables and payables denominated in foreign currencies are subject to risks associated with fluctuations in foreign exchange rates.

We manage investment securities by regularly monitoring their market values and the financial conditions of issuers (trading partners) and by continuously reviewing the holding status, taking into account market conditions and relationships with the trading partners.

In accordance with our derivative transaction management rules, we enter into derivative transactions within the scope of transaction authority limits and transaction amount limits.

(iii) Management of liquidity risk related to financing (risk in which the Company is unable to repay within the due date)

Based on reports from each division, the Company’s responsible division prepares and updates a cash flow plan in a timely manner while managing liquidity risk by maintaining a cash position.

(4) Supplementary remarks on fair values, etc. of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated value if it has no market price.

The values may fluctuate when different assumptions are adopted because variable factors are taken into account in determining the values. The contract amount, etc. of derivative transactions specified in notes on “Derivatives” are only notional contract amounts in derivative transactions or implied notional amounts, and the amounts themselves do not indicate the magnitude of risks involved in derivative transactions.

2. Fair values, etc. of financial instruments

Carrying amounts in the consolidated balance sheets, fair values and their differences are as follows. The amounts below do not include financial instruments whose fair values are deemed to be extremely difficult to determine (see Note 2).

Previous fiscal year (As of March 31, 2020)

(Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	11,134,570	11,134,570	—
(2) Notes and accounts receivable - trade	9,476,875	9,476,875	—
(3) Investment securities	37,887	37,887	—
Total assets	20,649,333	20,649,333	—
(4) Notes and accounts payable - trade	3,524,748	3,524,748	—
(5) Electronically recorded obligations - operating	3,746,579	3,746,579	—
(6) Short-term borrowings	10,701,488	10,701,488	—
(7) Accounts payable - other	973,544	973,544	—
(8) Income taxes payable	69,508	69,508	—
(9) Long-term borrowings (*2)	13,342,456	13,307,977	(34,478)
Total liabilities	32,358,324	32,323,846	(34,478)
Derivative transactions (*1)	(17,170)	(17,170)	—

*1 Receivables and payables arising from derivative transactions are presented on a net basis.

*2 Long-term borrowings include the current portion.

Current fiscal year (As of March 31, 2021)

(Thousands of yen)

	Carrying amount	Fair value	Difference
(1) Cash and deposits	10,839,746	10,839,746	—
(2) Notes and accounts receivable - trade	7,746,264	7,746,264	—
(3) Investment securities	52,144	52,144	—
Total assets	18,638,155	18,638,155	—
(4) Notes and accounts payable - trade	4,322,168	4,322,168	—
(5) Electronically recorded obligations - operating	5,449,924	5,449,924	—
(6) Short-term borrowings	4,125,700	4,125,700	—
(7) Accounts payable - other	1,274,402	1,274,402	—
(8) Income taxes payable	257,644	257,644	—
(9) Long-term borrowings (*2)	12,907,703	12,924,991	17,288
Total liabilities	28,337,542	28,354,830	17,288
Derivative transactions (*1)	(94,232)	(94,232)	—

*1 Receivables and payables arising from derivative transactions are presented on a net basis.

*2 Long-term borrowings include the current portion.

Notes 1. Methods for calculating fair values of financial instruments, and securities and derivatives

Assets

(1) Cash and deposits and (2) Notes and accounts receivable - trade

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

(3) Investment securities

Fair values of shares or other investment securities are based on their respective prices quoted by stock exchanges. For matters concerning securities by purpose of holding, please refer to Notes on “Securities.”

Liabilities

(4) Notes and accounts payable - trade, (5) Electronically recorded obligations - operating, (6) Short-term borrowings, (7) Accounts payable - other, and (8) Income taxes payable

The carrying amounts are used as fair values as these items are settled within a short period of time and the fair values are approximately equal to the carrying amounts.

(9) Long-term borrowings

The market value of long-term borrowings is calculated by discounting the total amount of principal and interest using an interest rate that would apply if the full amount of the principal were newly borrowed. Long-term borrowings denominated in foreign currencies with variable interest rates are qualified for integrated accounting (designation and exceptional accounting) for interest rate and currency swaps, and the fair value is calculated by discounting the total amount of principal and interest being treated together with the interest rate and currency swaps by the reasonably estimated interest rate for similar loans.

Derivatives

Please refer to notes on “Derivatives.”

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Thousands of yen)

Category	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Shares not listed	25,400	79,190

The above are not included in “(3) Investment securities” because their market values are not available and their fair values are deemed to be extremely difficult to determine.

3. Redemption schedule for monetary receivables after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2020)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	11,134,570	—	—	—
Notes and accounts receivable - trade	9,476,875	—	—	—
Total	20,611,445	—	—	—

Current fiscal year (As of March 31, 2021)

(Thousands of yen)

	Within 1 year	Over 1 year within 5 years	Over 5 years within 10 years	Over 10 years
Cash and deposits	10,839,746	—	—	—
Notes and accounts receivable - trade	7,746,264	—	—	—
Total	18,586,011	—	—	—

4. Repayment schedule for short-term borrowings and long-term borrowings after the consolidated balance sheet date

Previous fiscal year (As of March 31, 2020)

(Thousands of yen)

	Within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Short-term borrowings	10,701,488	—	—	—	—	—
Long-term borrowings	5,276,116	3,127,266	1,750,516	1,699,356	773,098	716,104
Total	15,977,604	3,127,266	1,750,516	1,699,356	773,098	716,104

Current fiscal year (As of March 31, 2021)

(Thousands of yen)

	Within 1 year	Due after 1 year but within 2 years	Due after 2 years but within 3 years	Due after 3 years but within 4 years	Due after 4 years but within 5 years	Due after 5 years
Short-term borrowings	4,125,700	—	—	—	—	—
Long-term borrowings	3,993,954	3,200,141	2,665,449	1,820,668	638,241	589,250
Total	8,119,654	3,200,141	2,665,449	1,820,668	638,241	589,250

(Securities)

Available-for-sale securities

Previous fiscal year (As of March 31, 2020)

(Thousands of yen)

	Class of shares	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	—	—	—
	(2) Bonds	—	—	—
	(3) Others	14,217	4,911	9,306
	Subtotal	14,217	4,911	9,306
Items whose carrying amount does not exceed acquisition cost	(1) Shares	23,670	38,239	(14,568)
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	23,670	38,239	(14,568)
Total		37,887	43,150	(5,262)

Current fiscal year (As of March 31, 2021)

(Thousands of yen)

	Class of shares	Carrying amount	Acquisition cost	Difference
Items whose carrying amount exceeds acquisition cost	(1) Shares	7,091	5,591	1,499
	(2) Bonds	—	—	—
	(3) Others	24,903	4,911	19,992
	Subtotal	31,994	10,502	21,491
Items whose carrying amount does not exceed acquisition cost	(1) Shares	20,150	33,392	(13,242)
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	20,150	33,392	(13,242)
Total		52,144	43,895	8,248

(Derivatives)

1. Derivatives of which hedge accounting is not applied

Transactions relating to currencies

Previous fiscal year (As of March 31, 2020)

(Thousands of yen)

Classification	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gain or loss
Non-market transactions	Forward exchange contracts				
	Sold				
	USD	279,830	—	12,726	12,726
	EUR	4,372,283	—	(29,897)	(29,897)
Total		4,652,113	—	(17,170)	(17,170)

Note: Calculation methods for fair value

Valued at prices obtained from financial institutions in business relationship with the Company.

Current fiscal year (As of March 31, 2021)

(Thousands of yen)

Classification	Type of transaction	Contract amount, etc.	Contract amount, etc. of over 1 year	Fair value	Valuation gain or loss
Non-market transactions	Forward exchange contracts				
	Sold				
	USD	239,049	—	(4,634)	(4,634)
	EUR	5,121,373	—	(100,254)	(100,254)
	Purchased				
	USD	683,914	—	10,395	10,395
	EUR	181,377	—	347	347
	JPY	10,088	—	(85)	(85)
Total		6,235,802	—	(94,232)	(94,232)

Note: Calculation methods for fair value

Valued at prices obtained from financial institutions in business relationship with the Company.

(Retirement benefits)

1. Overview of retirement benefit plans adopted

The Company and some of its domestic consolidated subsidiaries have defined contribution pension plans, defined benefit pension plans and lump-sum retirement payment plans.

Also, some of its foreign consolidated subsidiaries have defined retirement benefit plans or defined contribution retirement benefit plans.

In addition, some foreign consolidated subsidiaries apply a simplified method for the calculations of retirement benefit liabilities and retirement benefit expenses. The method assumes their retirement benefit obligations to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end.

2. Defined benefit plan

(1) Table for adjustment of beginning and ending balances of retirement benefit obligations (excluding plans to which the simplified method in (3) is applied)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Balance of retirement benefit obligations at beginning of period	876,091 thousand yen	872,897 thousand yen
Service cost	89,172	81,232
Interest cost	8,147	7,678
Amount of actuarial gain or loss	(60,761)	(189)
Retirement benefit payments	(39,751)	(44,639)
Balance of retirement benefit obligations at end of period	872,897	916,979

(2) Table for adjustment of beginning and ending balances of pension assets (excluding plans to which the simplified method in (3) is applied)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Balance of pension asset at beginning of period	536,691 thousand yen	530,036 thousand yen
Amount of actuarial gain or loss	(31,009)	102,957
Employer's contribution	43,530	43,831
Retirement benefit payments	(19,175)	(20,532)
Balance of pension asset at end of period	530,036	656,293

(3) Table for adjustment of beginning and ending balances of retirement benefit liability for plans to which the simplified method is applied

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Balance of retirement benefit liability at beginning of period	113,287 thousand yen	107,391 thousand yen
Retirement benefit expenses	10,537	15,490
Retirement benefit payments	(12,997)	(9,905)
Others	(3,436)	9,367
Balance of retirement benefit liability at end of period	107,391	122,343

(4) Table for adjustment of ending balances of retirement benefit obligations and pension assets, and retirement benefit liability/asset in the consolidated balance sheets

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Retirement benefit obligations in funded plans	980,288 thousand yen	1,039,322 thousand yen
Pension assets	(530,036)	(656,293)
	450,251	383,029
Retirement benefit liability	450,251	383,029
Net liabilities and assets recorded on the consolidated balance sheets	450,251	383,029

(5) Amount of retirement benefit expenses and its breakdown

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Service cost	89,172 thousand yen	81,232 thousand yen
Interest cost	8,147	7,678
Amount treated as expense for actuarial gain or loss	(13,542)	(13,167)
Retirement benefit expenses based on simplified method	10,537	15,490
Retirement benefit expenses relating to defined benefit plan	94,314	91,234

(6) Remeasurements of defined benefit plans, net of tax

The components of remeasurements of defined benefit plans included in other comprehensive income (before tax effects) are as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Actuarial gain or loss	(16,210)	(89,979)
Total	(16,210)	(89,979)

(7) Remeasurements of defined benefit plans

The components of remeasurements of defined benefit plans included in accumulated other comprehensive income (before tax effects) are as follows:

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Unrecognized actuarial gains and losses	58,304	148,895
Total	58,304	148,895

(8) Matters relating to pension assets

(i) Major breakdown of pension assets

The ratios of major classes to the total pension assets are as follows.

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Shares	41%	47%
Bonds	33	30
General account	21	19
Others	5	4
Total	100	100

(ii) Method for setting long-term expected rate of return

To determine a long-term expected rate of return from pension assets, the Company considers the allocations of current and expected pension assets and the current and expected long-term rates of return from various assets that constitute pension assets.

(9) Matters relating to actuarial calculation basis

Major calculation bases for actuarial calculations

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Discount rate	0.8%	0.8%
Long-term expected rate of return	0%	0%

Information on foreign consolidated subsidiaries is omitted because it is immaterial.

3. Defined contribution plan

The required contribution of the Company and its consolidated subsidiaries to the defined contribution plans is 109,836 thousand yen for the previous fiscal year and 174,425 thousand yen for the current fiscal year.

(Stock options, etc.)

1. Account title and amount of stock options charged as expenses

(Thousands of yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cost of sales	711	501
Selling, general and administrative expenses	14,093	8,117

2. Details, size and changes in stock options

(1) Details of stock options

	2018 Stock Options	2019 Stock Options
Category and number of people to whom stock options are granted	Directors of the Company (excluding Outside Directors): 7 Employees of the Company: 41 Directors and employees of the Company's subsidiaries: 18	Directors of the Company (excluding Outside Directors): 7 Employees of the Company: 50 Directors and employees of the Company's subsidiaries: 23
Number of stock options by class of shares (Note)	87,000 shares of common shares	100,000 shares of common shares
Grant date	February 15, 2018	March 14, 2019
Vesting conditions	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director or an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director or an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.
Vesting period	Vesting period is not stipulated.	Vesting period is not stipulated.
Exercise period	From February 16, 2020 to February 15, 2024	From March 15, 2021 to March 14, 2025

	2020 Stock Options
Category and number of people to whom stock options are granted	Directors of the Company (excluding Outside Directors): 7 Employees of the Company, and Directors (excluding Outside Directors) and employees of the Company's subsidiaries: 78
Number of stock options by class of shares (Note)	111,700 shares of common shares
Grant date	March 13, 2020
Vesting conditions	A holder of share acquisition rights must be a Director, an Auditor, or an employee of the Company or its subsidiaries or associates at the time of exercising the share acquisition rights. However, the above rule does not apply if a Director, an Auditor retires on expiration of his/her term of office, or if an employee reaches the mandatory retirement age. The above rule does not either apply if there is a reason that the Board of Directors of the Company deems justifiable. Any heirs of a holder of the share acquisition rights shall not be allowed to exercise the share acquisition rights.
Vesting period	Vesting period is not stipulated.
Exercise period	From March 14, 2022 to March 13, 2026

Note: The number of stock options is translated into the number of shares.

(2) Size and changes in stock options

The following describes the number of stock options that existed during the current fiscal year ended March 31, 2021. The number of stock options is translated into the number of shares.

(i) Number of stock options

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Before vested (Shares)			
As of previous fiscal year-end	—	94,200	111,700
Granted	—	—	—
Forfeited	—	5,500	10,300
Vested	—	88,700	—
Unvested	—	—	101,400
After vested (Shares)			
As of previous fiscal year-end	76,000	—	—
Vested	—	88,700	—
Exercised	—	—	—
Forfeited	5,000	—	—
Exercisable	71,000	88,700	—

(ii) Per share price

	2018 Stock Options	2019 Stock Options	2020 Stock Options
Exercise price (Yen)	1,219	815	522
Average price per share upon exercise (Yen)	—	—	—
Fair value per share at grant date (Yen)	238	169	43

3. Method for estimating the number of stock options vested

As it is difficult, in principle, to reasonably estimate the number of stock options that will be forfeited in the future, the number here reflects only stock options that have actually been forfeited.

(Tax effect accounting)

1. Components of deferred tax assets and deferred tax liabilities by major cause

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Deferred tax assets		
Provision for bonuses	192,481 thousand yen	233,487 thousand yen
Provision for product warranties	248,081	295,666
Allowance for doubtful accounts	83,360	91,896
Elimination of inter-company profits	117,237	108,593
Retirement benefit liability	124,928	128,891
Software	62,104	48,722
Loss brought forward	78,655	62,675
Asset retirement obligations	9,676	9,748
Inventory write-down	81,730	126,236
Other	14,470	44,396
Subtotal	1,012,725	1,150,314
Valuation allowance	(167,514)	(150,866)
Total deferred tax assets	845,210	999,448
Deferred tax liabilities		
Depreciation	40,484	41,175
Others	31,184	15,765
Total deferred tax liabilities	71,669	56,941
Net deferred tax assets	773,541	942,506

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Effective statutory tax rate	30.2%	-%
(Adjustments)		
Differences of tax rates at foreign subsidiaries	(26.0)	-
Differences of tax rates at domestic subsidiaries	16.0	-
Non-deductible permanent differences such as entertainment expenses	27.9	-
Per capita inhabitant tax, etc.	50.8	-
Change in valuation allowance	111.1	-
Amortization of goodwill	105.3	-
Impairment loss of goodwill	454.5	-
Elimination of inter-company profits without applying tax effect accounting	608.4	-
Special deduction for experimentation and research expenses	(7.8)	-
Share of loss of entities accounted for using equity method	40.6	-
Deduction for foreign taxes	10.1	-
Income taxes for prior periods	50.6	-
Others	3.1	-
Actual effective tax rate by applying tax effect accounting	1,474.8	-

Note: Note is omitted for the current consolidated fiscal year under review because loss before income taxes is recorded.

(Business combination)

1. Overview of business divestiture

(1) Name of the successor company

FUJI CORPORATION

(2) Details of the divested business

Within the PCB component mounting equipment businesses of ALPHA DESIGN CO., LTD., a consolidated subsidiary of the Company, businesses related to sFAB- α and AMR-III

(3) Main reason for the business divestiture

ALPHA DESIGN CO., LTD., a consolidated subsidiary of the Company, has agreed with FUJI CORPORATION to separate and transfer the said businesses. in order to further focus on other equipment business by selecting and concentrating management resources.

(4) Business divestiture date

April 30, 2020

(5) Other matters concerning the outline of the transaction including legal form

Business transfer with only assets such as cash etc. as consideration received

2. Outline of the accounting treatment carried out

(1) Amount of gain or loss on transfer

121,091 thousand yen

(2) fair book value of the assets and liabilities related to the transferred business and the major breakdown thereof

Current assets	205,042
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thousand yen

Non-current assets	7,956
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Total assets	212,998
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(3) Accounting

The investment in the transferred sFAB- α and AMR-III businesses is considered to have been liquidated, and the difference between the fair value of the assets as consideration received for transfer and the amount equivalent to shareholders' equity related to the transferred business is recognized as gain / loss on transfer.

3. Name of the reporting segment in which the divested business was included

Japan, Asia and Oceania

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company are components of the Company for which discrete financial information is available and regularly reviewed by the Board of Directors to make decisions about allocation of managerial resources and to assess their performance.

The Company manufactures and sells mainly industrial inkjet printers and cutting plotters. The Company engages in such activities for the Japanese market, and its local entities engage in such activities for their markets in North America, Europe, the Asia and Oceania region and Latin America. Each of the local entities operates business independently, develops a regional and comprehensive strategy for their offerings, and expands business activities.

2. Calculation methods for net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods used for reportable segments are the same as those discussed under "Significant matters forming the basis of preparing the consolidated financial statements."

Segment profit figures are based on operating profit.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on net sales, profit or loss, assets, liabilities and other items by reportable segment

Previous fiscal year (From April 1, 2019 to March 31, 2020)

	(Thousands of yen)			
	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Net sales to external customers	27,659,520	11,980,896	15,917,280	55,557,698
Inter-segment sales or transfers between segments	19,163,987	14,730	1,152,921	20,331,639
Total	46,823,507	11,995,627	17,070,202	75,889,337
Segment profit (loss)	590,493	(129,285)	61,763	522,971
Segment assets	37,357,636	6,285,501	9,362,964	53,006,103
Other items				
Depreciation	1,406,544	121,535	263,232	1,791,312
Amortization of goodwill	110,829	-	151,530	262,359
Increase in property, plant and equipment and intangible assets	1,060,273	165,414	176,509	1,402,198

Current fiscal year (From April 1, 2020 to March 31, 2021)

	(Thousands of yen)			
	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
Net sales				
Net sales to external customers	24,140,925	10,497,439	14,084,565	48,722,930
Inter-segment sales or transfers between segments	16,908,595	13,564	1,713,488	18,635,647
Total	41,049,520	10,511,003	15,798,053	67,358,577
Segment loss	(491,694)	(216,079)	(250,126)	(957,899)
Segment assets	33,244,314	5,018,366	7,673,908	45,936,589
Other items				
Depreciation	1,246,282	110,012	244,919	1,601,214
Amortization of goodwill	91,749	-	20,243	111,993
Increase in property, plant and equipment and intangible assets	621,753	55,815	73,327	750,896

4. Description of nature and amounts of differences between total of reportable segments and consolidated financial statements

	(Thousands of yen)	
Profit	Previous fiscal year	Current fiscal year
Total of reportable segments	522,971	(957,899)
Elimination of inter-segment transactions	830,545	448,087
Operating profit (loss) in the consolidated financial statements	1,353,517	(509,812)

(Thousands of yen)

Assets	Previous fiscal year	Current fiscal year
Total of reportable segments	53,006,103	45,936,589
Corporate assets (Note)	4,422,608	4,159,770
Elimination of inter-segment transactions	(3,206,787)	742,523
Total assets in the consolidated financial statements	54,221,924	50,838,883

Note: Corporate assets consist primarily of cash and deposits that do not belong to any reportable segments.

(Thousands of yen)

Other items	Total of reportable segments		Adjustments		Amounts recorded on consolidated financial statements	
	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year	Previous fiscal year	Current fiscal year
Depreciation	1,791,312	1,601,214	(34,726)	(23,324)	1,756,585	1,577,890
Increase in property, plant and equipment and intangible assets	1,402,198	750,896	(18,114)	(1,462)	1,384,084	749,433

[Information associated with reportable segments]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

1. Information by product and service

This information has been omitted as net sales to external customers under the classification of single product or service account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	North America	Europe	Asia and Oceania	Others	Total
18,604,570	8,179,077	14,411,693	9,024,943	5,337,413	55,557,698

Note: Net sales are classified into country or area based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
8,759,270	356,106	1,042,477	10,157,854

3. Information by major customer

This information has been omitted as no single external customer accounts for 10% or more of net sales recorded on the consolidated statements of income.

Current fiscal year (From April 1, 2020 to March 31, 2021)

1. Information by product and service

This information has been omitted as net sales to external customers under the classification of single product or service account for more than 90% of net sales recorded on the consolidated statements of income.

2. Information by geographical area

(1) Net sales

(Thousands of yen)

Japan	North America	Europe	Asia and Oceania	Others	Total
15,021,894	8,004,391	12,961,576	9,061,948	3,673,119	48,722,930

(Note) Net sales are classified into country or area based on customer location.

(2) Property, plant and equipment

(Thousands of yen)

Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Total
8,148,012	261,544	879,178	9,288,734

3. Information by major customer

This information has been omitted as no single external customer accounts for 10% or more of net sales recorded on the consolidated statements of income.

[Information on impairment loss on non-current assets by reportable segment]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Impairment loss	—	—	903,465	—	903,465

(Note) 869,853 thousand yen is recorded as impairment loss of goodwill in Europe, the Middle East and Africa.

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Impairment loss	150,144	5,759	486,552	—	642,456

(Note) 296,396 thousand yen is recorded as impairment loss of goodwill in Europe, the Middle East and Africa.

[Information on amortization and unamortized balance of goodwill by reportable segment]

Previous fiscal year (From April 1, 2019 to March 31, 2020)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Amortization during current period	110,829	-	151,530	-	262,359
Balance as of March 31, 2021	174,202	-	279,580	-	453,783

Current fiscal year (From April 1, 2020 to March 31, 2021)

(Thousands of yen)

	Japan, Asia and Oceania	North America and Latin America	Europe, the Middle East and Africa	Unallocated amounts and elimination	Total
Amortization during current period	91,749	-	20,243	-	111,993
Balance as of March 31, 2021	82,453	-	-	-	82,453

[Information on gain on bargain purchase by reportable segment]

There is no related information.

[Related parties]

Transactions with related parties

Business transactions between the company filing the consolidated financial statements and related parties

Unconsolidated subsidiaries of the company filing the consolidated financial statements

Previous fiscal year (From April 1, 2019 to March 31, 2020)

Type	Name of company, etc.	Location	Share capital	Businesses	Share of voting rights (%)	Relationship with related parties	Transactions	Transaction value (Thousands of yen)	Item	Balance at end of period (Thousands of yen)
Unconsolidated subsidiaries	MIMAKI KANPHOR INDIA PRIVATE LIMITED	Haryana, the Republic of India	21,251 thousand INR	Wholesale	(Shares owned) Direct ownership 51.0	Sale of the Company's products Interlocking officers	Sale of the Company's products	—	"Other" in investments and other assets	3,301

(Note) Transaction terms and policies for determining the transaction terms, etc.

Price and terms are determined by negotiation after price offer based on market price and total cost.

Current fiscal year (From April 1, 2020 to March 31, 2021)

Type	Name of company, etc.	Location	Share capital	Businesses	Share of voting rights (%)	Relationship with related parties	Transactions	Transaction value (Thousands of yen)	Item	Balance at end of period (Thousands of yen)
Unconsolidated subsidiaries	MIMAKI KANPHOR INDIA PRIVATE LIMITED	Haryana, the Republic of India	21,251 thousand INR	Wholesale	(Shares owned) Direct ownership 51.0	Sale of the Company's products Interlocking officers	Sale of the Company's products	—	"Other" in investments and other assets	36,531

(Note) Transaction terms and policies for determining the transaction terms, etc.

Price and terms are determined by negotiation after price offer based on market price and total cost.

(Per share information)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net assets per share	537.72 yen	548.10 yen
Loss per share	(26.24) yen	(10.21) yen

(Notes) 1. Diluted earnings per share are not presented because there are no potential shares with dilutive effect, and a loss per share is posted.

2. The basis for the calculation of loss per share is as follows.

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Loss attributable to owners of parent (Thousands of yen)	(777,962)	(301,251)
Amounts not attributable to common shareholders (Thousands of yen)	—	—
Loss attributable to owners of parent associated with common shares (Thousands of yen)	(777,962)	(301,251)
Average number of common shares outstanding during the period (Shares)	29,648,797	29,494,233
Overview of potential shares not included in the calculation of diluted earnings per share because of having no dilutive effect	<p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) 76,000 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 28, 2018 (Share acquisition rights) 94,200 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2019 (Share acquisition rights) 111,700 common shares</p>	<p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2017 (Share acquisition rights) 71,000 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 28, 2018 (Share acquisition rights) 88,700 common shares</p> <p>Stock options resolved at the Annual General Meeting of Shareholders held on June 27, 2019 (Share acquisition rights) 101,400 common shares</p>

(Significant events after reporting period)

There is no related information.

(v) Annexed consolidated detailed schedules

[Annexed consolidated detailed schedule of bonds payable]

There is no related information.

[Annexed consolidated detailed schedule of borrowings]

Category	Balance at beginning of current period (Thousands of yen)	Balance as of March 31, 2021 (Thousands of yen)	Average interest rate (%)	Repayment date
Short-term borrowings	10,701,488	4,125,700	0.91	—
Current portion of long-term borrowings	5,276,116	3,993,954	0.32	—
Current portion of lease obligations	111,477	197,432	—	—
Long-term borrowings (excluding current portion)	8,066,340	8,913,749	0.44	2022-2030
Lease obligations (excluding current portion)	313,351	249,070	—	2022-2029
Other interest-bearing debt	—	—	—	—
Total	24,468,773	17,479,905	—	—

- (Notes) 1. Average interest rates are computed as the weighted average interest rate on borrowings outstanding at the fiscal year end.
 2. Average interest rates on lease obligations are not provided because the lease obligations stated in the consolidated balance sheet represent the amounts with interest equivalents not deducted from the total lease payments.
 3. Repayment schedule for long-term loans payable and lease obligations (excluding current portion) for five years after the consolidated balance sheet date is as follows.

(Thousands of yen)

	Over 1 years within 2 years	Over 2 years within 3 years	Over 3 years within 4 years	Over 4 years within 5 years	Due after 5 years
Long-term borrowings	3,200,141	2,665,449	1,820,668	638,241	589,250
Lease obligations	58,496	43,663	37,507	29,806	79,596

[Annexed consolidated detailed schedule of asset retirement obligations]

The amount of asset retirement obligations at the beginning and at the end of the current fiscal year was not more than 1% of the total amount of liabilities and net assets at the beginning and at the end of the current fiscal year. Consequently, pursuant to Article 92-2 of the Regulation on Consolidated Financial Statements, this information has been omitted.

(2) Other information

(i) Quarterly information for the fiscal year ended March 31, 2021

(Cumulative period)	First three months	First six months	First nine months	Current fiscal year
Net sales (Thousands of yen)	7,899,387	20,862,800	34,426,334	48,722,930
Loss before income taxes (Thousands of yen)	(1,006,912)	(2,032,041)	(865,571)	(271,801)
Loss attributable to owners of parent (Thousands of yen)	(694,984)	(1,453,518)	(697,570)	(301,251)
Loss per share (Yen)	(23.56)	(49.28)	(23.65)	(10.21)

(Accounting period)	First quarter	Second quarter	Third quarter	Fourth quarter
Earnings (loss) per share (Yen)				
Loss per share (Yen)	(23.56)	(25.72)	25.63	13.44
(Yen)				

(ii) Significant lawsuits, etc.

As stated in the notes for “Consolidated Balance Sheet 3 Contingent liabilities.”

2. Non-consolidated financial statements, etc.

(1) Non-consolidated financial statements

(i) Non-consolidated balance sheets

(Thousands of yen)

	(As of March 31, 2020)	(As of March 31, 2021)
Assets		
Current assets		
Cash and deposits	3,949,115	3,602,273
Notes receivable - trade	401,983	304,911
Accounts receivable - trade	*2 11,446,978	*2 7,963,651
Merchandise and finished goods	7,301,145	6,900,959
Work in process	323,180	670,883
Raw materials and supplies	2,592,451	2,873,361
Prepaid expenses	59,189	98,037
Income taxes receivable	128,281	–
Other	*2 3,866,077	*2 3,172,201
Allowance for doubtful accounts	(8,580)	(154)
Total current assets	30,059,825	25,586,125
Non-current assets		
Property, plant and equipment		
Buildings	*1 2,962,140	*1 2,797,322
Structures	39,449	38,687
Machinery and equipment	62,357	70,044
Vehicles	100	67
Tools, furniture and fixtures	711,823	535,854
Land	*1 2,799,435	*1 2,799,435
Leased assets	10,226	7,032
Construction in progress	195,765	77,915
Total property, plant and equipment	6,781,300	6,326,359
Intangible assets		
Goodwill	34,233	21,785
Patent right	26,868	19,370
Software	471,136	267,536
Other	6,810	14,124
Total intangible assets	539,049	322,816
Investments and other assets		
Investment securities	54,767	119,843
Shares of subsidiaries and associates	5,733,403	5,245,181
Investments in capital	2,730	2,730
Investments in capital of subsidiaries and associates	5,239,086	5,239,086
Long-term loans receivable from subsidiaries and associates	285,140	298,641
Distressed receivables	1,726,146	1,896,257
Long-term prepaid expenses	12,496	12,175
Deferred tax assets	714,822	850,237
Other	444,921	475,016
Allowance for doubtful accounts	(1,118,187)	(1,200,061)
Total investments and other assets	13,095,328	12,939,107
Total non-current assets	20,415,677	19,588,283
Total assets	50,475,502	45,174,409

(Thousands of yen)

	(As of March 31, 2020)	(As of March 31, 2021)
Liabilities		
Current liabilities		
Notes payable - trade	179,232	29,165
Accounts payable - trade	*2 2,434,719	*2 3,791,995
Electronically recorded obligations - operating	3,746,579	5,262,571
Short-term borrowings	10,196,588	*1 3,451,300
Short-term borrowings from subsidiaries and associates	761,810	1,015,520
Current portion of long-term borrowings	*1 5,116,036	*1 3,833,874
Lease obligations	3,449	2,877
Accounts payable - other	*2 488,763	*2 634,721
Accrued expenses	236,923	244,618
Income taxes payable	—	51,361
Advances received	2,124,674	2,253,600
Deposits received	43,400	41,100
Provision for bonuses	523,542	667,289
Provision for product warranties	782,455	909,716
Other	30,353	97,535
Total current liabilities	26,668,527	22,287,248
Non-current liabilities		
Long-term borrowings	*1, *2 7,113,180	*1, *2 7,110,669
Lease obligations	7,594	4,717
Provision for retirement benefits	385,986	399,836
Asset retirement obligations	32,053	32,290
Other	85,094	650
Total non-current liabilities	7,623,908	7,548,164
Total liabilities	34,292,436	29,835,412
Net assets		
Shareholders' equity		
Share capital	4,357,456	4,357,456
Capital surplus		
Legal capital surplus	4,245,456	4,245,456
Other capital surplus	371,584	371,584
Total capital surplus	4,617,040	4,617,040
Retained earnings		
Legal retained earnings	18,035	18,035
Other retained earnings		
General reserve	8,300,000	8,300,000
Retained earnings brought forward	197,151	(663,524)
Total retained earnings	8,515,186	7,654,510
Treasury shares	(1,328,972)	(1,328,972)
Total shareholders' equity	16,160,710	15,300,034
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(4,536)	4,711
Total valuation and translation adjustments	(4,536)	4,711
Share acquisition rights	26,892	34,250
Total net assets	16,183,066	15,338,996
Total liabilities and net assets	50,475,502	45,174,409

(ii) Non-consolidated statements of income

(Thousands of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	*1 38,558,721	*1 32,701,526
Cost of sales	*1 25,842,639	*1 23,068,965
Gross profit	12,716,082	9,632,560
Selling, general and administrative expenses	*1, *2 12,453,172	*1, *2 10,289,847
Operating profit (loss)	262,909	(657,286)
Non-operating income		
Interest and dividend income	*1 25,325	*1 19,530
Rental income	*1 42,585	*1 53,691
Insurance claim income	3,638	9,008
Subsidy income	8,975	407,942
Other	*1 99,245	*1 11,207
Total non-operating income	179,769	501,380
Non-operating expenses		
Interest expenses	227,837	119,976
Depreciation	30,450	38,583
Foreign exchange losses	122,780	28,147
Other	21,044	10,931
Total non-operating expenses	402,112	197,639
Ordinary profit (loss)	40,566	(353,546)
Extraordinary income		
Gain on sale of non-current assets	*3 2,325	*3 5,029
Other	–	1,190
Total extraordinary income	2,325	6,219
Extraordinary losses		
Loss on sale of non-current assets	–	1,900
Loss on disposal of non-current assets	–	47,563
Impairment losses	–	82,437
Loss on valuation of shares of subsidiaries and associates	–	488,221
Total extraordinary losses	–	620,122
Profit (loss) before income taxes	42,892	(967,448)
Income taxes - current	56,411	30,679
Income taxes - deferred	29,394	(137,452)
Total income taxes	85,806	(106,773)
Loss	(42,914)	(860,675)

(iii) Non-consolidated statements of changes in equity
Fiscal year ended March 31, 2020

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	4,357,456	4,245,456	371,584	4,617,040	18,035	7,500,000	1,491,299	9,009,334
Changes during period								
Provision of general reserve						800,000	(800,000)	–
Dividends of surplus							(451,233)	(451,233)
Loss							(42,914)	(42,914)
Purchase of treasury shares								
Net changes in items other than shareholders' equity								
Total changes during period	–	–	–	–	–	800,000	(1,294,148)	(494,148)
Balance at end of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	197,151	8,515,186

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(614,715)	17,369,115	835	835	12,088	17,382,040
Changes during period						
Provision of general reserve		–				–
Dividends of surplus		(451,233)				(451,233)
Loss		(42,914)				(42,914)
Purchase of treasury shares	(714,257)	(714,257)				(714,257)
Net changes in items other than shareholders' equity			(5,372)	(5,372)	14,804	9,431
Total changes during period	(714,257)	(1,208,405)	(5,372)	(5,372)	14,804	(1,198,973)
Balance at end of period	(1,328,972)	16,160,710	(4,536)	(4,536)	26,892	16,183,066

Fiscal year ended March 31, 2021

(Thousands of yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
					General reserve	Retained earnings brought forward		
Balance at beginning of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	197,151	8,515,186
Changes during period								
Loss							(860,675)	(860,675)
Net changes in items other than shareholders' equity								
Total changes during period	-	-	-	-	-	-	(860,675)	(860,675)
Balance at end of period	4,357,456	4,245,456	371,584	4,617,040	18,035	8,300,000	(663,524)	7,654,510

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of period	(1,328,972)	16,160,710	(4,536)	(4,536)	26,892	16,183,066
Changes during period						
Loss		(860,675)				(860,675)
Net changes in items other than shareholders' equity			9,248	9,248	7,357	16,605
Total changes during period	-	(860,675)	9,248	9,248	7,357	(844,070)
Balance at end of period	(1,328,972)	15,300,034	4,711	4,711	34,250	15,338,996

[Notes]

(Significant accounting policies)

1. Valuation bases and methods for assets

(1) Valuation bases and methods for securities

(i) Shares of subsidiaries

Stated at cost using the moving-average method.

(ii) Available-for-sale securities

Securities with available market values

Stated at fair value based on the market price or the like on the balance sheet date and the cost of securities sold is computed based on the moving average method. The difference between the acquisition cost and the carrying value of available-for-sale securities, including unrealized gains and losses, is recognized in valuation difference on available-for-sale securities in the accompanying balance sheets.

Securities without available market values

Stated at cost using the moving-average method.

(2) Valuation bases and methods for derivatives

Derivatives

Stated at fair value.

(3) Valuation bases and methods for inventories

(i) Finished goods, work in process and raw materials

Stated at cost using the gross average method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

(ii) Supplies

Stated using the last cost method (balance sheet amounts are determined based on the method of writing down book value in accordance with decreased profitability of assets).

2. Depreciation and amortization methods for non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated using the declining balance method. However, the Company adopts the straight-line method for buildings (excluding facilities attached to buildings) acquired on April 1, 1998 and thereafter, and facilities attached to buildings and structures acquired on April 1, 2016 and thereafter.

The estimated useful lives of major items are as follows:

Buildings: 15 to 31 years

Tools, furniture and fixtures: 2 to 6 years

(2) Intangible assets (excluding leased assets)

Amortized using the straight-line method.

However, software for sale is amortized at the larger amount of either an amortizable amount based on the estimated sales volume during an estimated marketable life (within 3 years) or an amortizable amount based on the straight-line method over the remaining valid sales period.

In addition, software for internal use is amortized using the straight-line method over its useful life as internally determined (3 to 5 years).

Goodwill is amortized using the straight-line method over an individually estimated period during which its effect is realized.

(3) Leased assets

The straight-line method is applied on the assumptions that the useful life equals the lease term and the residual value is zero.

3. Accounting policy for allowance and provisions

(1) Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(3) Provision for bonuses for directors (and other officers)

To prepare for the payment of bonuses to directors (and other officers), the amount borne for the current fiscal year among the estimated bonus payments is recorded.

(4) Provision for product warranties

To prepare for after-sales repair costs, the total amount of individually estimated free repair cost and historical experience-based estimated amount is recorded.

(5) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefit obligations and fair value of pension assets as of the end of the current fiscal year is recognized.

Prior service cost is amortized at once as incurred.

Unrecognized actuarial gains and losses are amortized by the straight-line method in equally allocated amounts over a fixed number of years (five years) set within the average remaining service period of employees as occurred, starting in the respective fiscal years following each occurrence.

4. Other significant matters forming the basis of preparing the non-consolidated financial statements

(1) Accounting for retirement benefits

The accounting method for the unamortized actuarial gains and losses and the unamortized amount of unrecognized prior service cost in the non-consolidated financial statements differs from the accounting method for those items in the consolidated financial statements.

(2) Hedge accounting

(i) Hedge accounting

In principle, deferred hedge accounting is applied for derivative instruments. Integrated accounting (designation and exceptional accounting) is applied to interest rate and currency swaps that qualify for the integrated accounting.

(ii) Hedging instruments and hedged items

a. Hedging instruments: Forward exchange contracts

Hedged items: Trade receivables denominated in foreign currencies and forecast transactions denominated in foreign currencies

b. Hedging instruments: Interest rate and currency swaps

Hedged items: Borrowings denominated in foreign currencies

(iii) Hedging policy

In accordance with internal rules that stipulate derivative transaction-related authority levels and transaction amount limits, hedging activities are undertaken within specified limits to hedge fluctuation risks of foreign exchange rates and interest rates to the hedged items.

(iv) Assessing hedge effectiveness

The effectiveness is assessed by recognizing a high correlation between the cumulative total of the market fluctuations or the cash flow fluctuations for a hedged item and the cumulative total of the market fluctuations or the cash flow fluctuations for a hedging instrument. However, assessing the hedge effectiveness is omitted for interest rate and currency swaps through the integrated accounting (designation and special accounting).

(3) Translation of foreign currency accounts

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates in effect as of the non-consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the non-consolidated statements of income.

(4) Accounting for consumption taxes

Items subject to consumption taxes are accounted for at amounts exclusive of consumption taxes.

(Significant accounting estimates)

Notes on accounting estimates are as follows. "Information contributing to understanding of the accounting estimates" is omitted because it is as described in "Notes (Significant accounting estimates)" to the consolidated financial statements.

(1) Valuation of Merchandise and finished goods

Amount recorded in the financial statements for the current fiscal year under review

Merchandise and finished goods	6,900,959 thousand yen
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(2) Recoverability of Deferred Tax Assets

Amount recorded in the financial statements for the current fiscal year under review

Deferred tax assets	850,237 thousand yen
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(Changes in presentation)

(Non-consolidated statements of income)

“Insurance return” in “Non-operating income,” presented separately in the previous fiscal year, is included in “Other” in the current fiscal year because of insignificance in terms of the amount. The financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result, 93,431 thousand yen presented as “Insurance return” and 5,814 thousand yen presented as “Other” under “Non-operating income” in the non-consolidated statements of income for the previous fiscal year has been reclassified as “Other” of 99,245 thousand yen.

(Implementation of “Accounting Standard for Disclosure of Accounting Estimates”)

The Company has adopted “Accounting Standard for Disclosure of Accounting Estimates” (ASBJ Statement No. 31, March 31, 2020), and it has applied to the year-end financial statements from the current fiscal year. Accordingly notes on significant are disclosed in the consolidated financial statements.

With regard to the notes, information concerning the previous fiscal year is not disclosed in accordance with the transitional treatment set forth in the proviso of Paragraph 11 of the said accounting standard.

(Non-consolidated balance sheets)

*1. Assets pledged as collateral and liabilities secured by the collateral

Assets pledged as collateral

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Buildings	2,348,158 thousand yen	2,210,309 thousand yen
Land	715,779	715,779
Total	3,063,938	2,926,088

Liabilities secured by the collateral

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Short-term borrowings	- thousand yen	50,000 thousand yen
Current portion of long-term borrowings	232,600	40,800
Long-term borrowings	1,617,400	1,576,600
Total	1,850,000	1,667,400

*2. Monetary receivables and payables to subsidiaries and associates (excluding those separately presented)

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Short-term monetary receivables	10,284,937 thousand yen	7,157,568 thousand yen
Long-term monetary receivables	1,557,711	1,741,773
Short-term monetary payables	780,739	1,385,059

3. Guarantee obligations

The Company has guaranteed obligations of the following subsidiaries and associates.

	Guarantee obligations	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
MIMAKI BRASIL COMERCIO E IMPORTACAO LTDA	Customs duties	1,137,950 thousand yen	1,067,550 thousand yen
ALPHA DESIGN CO., LTD.	Borrowings	618,240	628,160
MIMAKI IJ TECHNOLOGY CO., Ltd.	Borrowings	504,900	421,500
ALPHA SYSTEMS CO., LTD.	Borrowings	265,000	235,000
Tonami Corporation Ltd.	Borrowings	230,000	170,000
MIMAKI PRECISION Co., Ltd.	Borrowings	—	80,000
MIMAKI AUSTRALIA PTY LTD	Forward exchange contracts	54,415	55,360
Mimaki Deutschland GmbH	Lease obligations	3,342	—
	Total	2,813,847	2,657,570

(Non-consolidated statements of income)

*1. Volume of transactions with subsidiaries and associates

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Volume of business transactions		
Net sales	25,451,106 thousand yen	22,485,456 thousand yen
Purchases	2,345,007	2,797,307
Volume of other business transactions	5,569,627	5,095,250
Volume of other transactions	72,499	72,964

*2. Selling expenses for the previous and current fiscal years roughly account for 45% and 44% of SG&A expenses, respectively, while general and administrative expenses for 55% and 56%, respectively.

The major items and their amounts are as follows.

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Provision for product warranties	782,455 thousand yen	883,547 thousand yen
Provision of allowance for doubtful accounts	26,461	44,573
Salaries and allowances	2,691,936	2,258,840
Provision for bonuses	312,699	402,150
Retirement benefit expenses	69,399	65,753
Commission expenses	1,277,571	1,087,545
Depreciation	465,710	436,543
Research and development expenses	2,328,820	1,839,766

*3. Gain on sales of non-current assets is as follows:

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Tools, furniture and fixtures	2,325 thousand yen	5,029 thousand yen

(Securities)

Fair values of shares of subsidiaries (with the carrying amounts of 5,245,181 thousand yen as of March 31, 2021 and 5,733,403 thousand yen as of March 31, 2020) are not presented because their market values are not available and their fair values are deemed to be extremely difficult to determine.

(Tax effect accounting)

1. Components of deferred tax assets and deferred tax liabilities by major cause

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Deferred tax assets		
Provision for bonuses	158,057 thousand yen	201,454 thousand yen
Provision for product warranties	236,223	274,643
Allowance for doubtful accounts	339,989	362,164
Loss on valuation of shares of subsidiaries and associates and loss on valuation of investments in capital of subsidiaries and associates	480,421	627,815
Provision for retirement benefits	116,529	120,710
Software	50,831	38,532
Other	207,035	262,579
Subtotal	1,589,088	1,887,900
Valuation allowance	(874,266)	(1,035,624)
Total deferred tax assets	714,822	852,275
Deferred tax liabilities		
Valuation difference on securities	—	2,037
Net deferred tax assets	714,822	850,237

2. Breakdown of the main items that caused differences between the effective statutory tax rate and the actual effective tax rate by applying tax effect accounting

	Previous fiscal year (As of March 31, 2020)	Current fiscal year (As of March 31, 2021)
Effective statutory tax rate	30.2%	—%
(Adjustments)		
Non-deductible permanent differences such as entertainment expenses	17.0	—
Per capita inhabitant tax, etc.	60.0	—
Change in valuation allowance	25.4	—
Deduction for foreign taxes	13.6	—
Income taxes for prior periods	52.8	—
Others	0.4	—
Actual effective tax rate by applying tax effect accounting	199.4	—

(Note) Notes on these items are omitted because the Company recorded a loss before income taxes.

(Significant events after reporting period)

There is no related information.

(vi) Annexed detailed schedules

[Supplementary schedule of property, plant and equipment, etc.]

(Thousands of yen)

Category	Asset type	Balance at beginning of period	Increase	Decrease	Depreciation and amortization	Balance at end of period	Accumulated depreciation
Property, plant and equipment	Buildings	2,962,140	48,243	—	213,061	2,797,322	3,876,747
	Structures	39,449	3,541	—	4,303	38,687	117,594
	Machinery and equipment	62,357	51,210	—	43,523	70,044	345,413
	Vehicles	100	—	—	33	67	934
	Tools, furniture and fixtures	711,823	245,523	21,243 (4,486)	400,249	535,854	5,228,042
	Land	2,799,435	—	—	—	2,799,435	—
	Leased assets	10,226	—	—	3,194	7,032	8,006
	Construction in progress	195,765	46,148	163,999 (61,239)	—	77,915	—
	Total	6,781,300	394,669	185,242 (65,726)	664,367	6,326,359	9,576,738
Intangible assets	Goodwill	34,233	—	—	12,448	21,785	—
	Patent right	26,868	—	—	7,498	19,370	—
	Software	471,136	7,598	16,711 (16,711)	194,487	267,536	—
	Other	6,810	7,314	—	—	14,124	—
	Total	539,049	14,913	16,711 (16,711)	214,434	322,816	—

(Note) The amount in parentheses in the “Decrease” column is an internal statement and indicates the amount of impairment loss recorded.

[Supplementary schedule of allowance and provisions]

(Thousands of yen)

Item	Balance at beginning of period	Increase	Decrease	Balance at end of period
Allowance for doubtful accounts	1,126,767	86,185	12,736	1,200,216
Provision for bonuses	523,542	667,289	523,542	667,289
Provision for product warranties	782,455	909,716	782,455	909,716

(2) Details of major assets and liabilities

This information has been omitted as the consolidated financial statements have been prepared.

(3) Other

There is no related information.

VI. Outline of Share-related Administration of the Reporting Company

Fiscal year	From April 1 to March 31
Annual General Meeting of Shareholders	Within three months from the end of each business year
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Share unit	100 shares
Purchase of shares less than one unit	
Office for handling business	(Special account) Mitsubishi UFJ Trust and Banking Corporation Securities Transfer Agency Division 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Shareholder registry administrator	(Special account) Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	—
Handling charge for purchase	No charge
Method of public notice	The Company's method of public notice is through electronic public notice. However, if an electronic public notice cannot be given due to unavoidable circumstances, it will be published in the <i>Nihon Keizai Shimbun</i> .
Special benefits for shareholders	There is no related information.

(Note) The Articles of Incorporation of the Company provide that shareholders holding shares less than one unit may not exercise their rights except for the followings:

- Rights granted by the items listed in Article 189, paragraph (2) of the Companies Act;
- Right to demand for acquisition of shares with put option;
- Right to receive the allotment of shares for subscription or share acquisition rights for subscription.

VII. Reference Information on the Reporting Company

1. Information about parent of the reporting company

The Company does not have a parent company, etc. as prescribed in Article 24-7, paragraph (1) of the Financial Instruments and Exchange Act.

2. Other reference information

From the beginning of this fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report and Attachments, and Confirmation Letter

Fiscal year (the 45th term) (from April 1, 2019 to March 31, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on August 6, 2020

(2) Internal Control Report and Attachments

Filed with the Director-General of the Kanto Local Finance Bureau on August 6, 2020

(3) Quarterly Securities Reports and Confirmation Letters

(The first quarter of the 46th term) (from April 1, 2020 to June 30, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on August 12, 2020

(The second quarter of the 46th term) (from July 1, 2020 to September 30, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on November 11, 2020

(The third quarter of the 46th term) (from October 1, 2020 to December 31, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on February 10, 2021

(4) Extraordinary Reports

Filed with the Director-General of the Kanto Local Finance Bureau on August 6, 2020

Extraordinary Report pursuant to Article 19, paragraph (2), item (ix)-2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (results of the exercise of voting rights at the shareholder's meeting)

Filed with the Director-General of the Kanto Local Finance Bureau on November 11, 2020

Extraordinary Report pursuant to Article 19, paragraph (2), item (xix) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (event with significant effects on financial position, business performance, and cash flows of group)

Filed with the Director-General of the Kanto Local Finance Bureau on June 3, 2021

Extraordinary Report pursuant to Article 19, paragraph (2), item (xii) of the Cabinet Office Order on Disclosure of Corporate Affairs, etc. (event with significant effects on financial position, operating results and cash flows)

(5) Share Repurchase Reports

Reporting period (from June 1, 2020 to June 16, 2020)

Filed with the Director-General of the Kanto Local Finance Bureau on July 2, 2020

Part II Information on Guarantors, etc., for the Reporting Company

There is no related information.